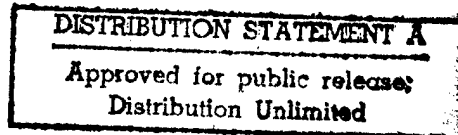


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17 October 1985



# Southeast Asia Report

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17 October 1985

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AUSTRALIA

PAPER EVALUATES, LAUDS NEW OPPOSITION SHADOW CABINET

Sydney THE AUSTRALIAN in English 11 Sep 85 p 8

[Editorial: "A Shadow Cabinet With Substance"]

[Text] The changes made by Mr Howard to the Opposition frontbench which he inherited from Mr Peacock are an outcome of the policies with which he has become identified, and which he is clearly determined to put into effect, rather than a product of his personal likes or animosities. They are policies which are winning increasing public appeal and which reflect the sentiments of Australians from all parts of the country and from all walks of life. The policies for which the new Leader of the Opposition stands are particularly attractive to traditional supporters of the Liberal Party who have become disheartened by its apparent loss of a sense of purpose over recent years.

The composition of the new Federal Opposition frontbench will reinforce Mr Howard's efforts to bring about a significant change of emphasis in the program of the Liberal Party and, consequently, of the coalition in which it is the major partner. Within the shadow cabinet and the broader shadow ministry the weight of influence has been shifted towards the "dries," and it is as certain as anything in politics can be that Australia will be offered an agenda directed towards a growing reliance on private enterprise and private initiative and a distinct reduction in government control and regulation of the economy.

This does not mean that Mr Howard has constructed an ideologically monolithic Opposition executive. Mr Peacock, who deserves great credit for his party loyalty and lack of rancour in agreeing to serve on the frontbench, remains in the 12-man shadow cabinet and again takes charge of foreign affairs, an area in which he and his successor do not always agree.

Mr Ian Macphee, a notable "wet" whom Mr Peacock displaced as spokesman on foreign affairs also remains in the shadow cabinet. Although his shadow portfolio of communications is somewhat lower in the hierarchy than foreign affairs, it gives him responsibility for watching a major department dealing with an area which could be an early target for privatisation if the more zealous "dries" have their way.

Another self-confessed "wet," Senator Peter Baume, whose ability and application Mr Howard obviously respects, has kept his shadow cabinet membership. His new shadow portfolio, community services and the status of women, is vital to the Opposition's approach to social issues.

The Leader of the Opposition has sensibly attempted to form a balanced team. Nonetheless, the appointment of Mr Carlton as treasury spokesman indicates a pattern which has been generally followed in Mr Howard's other appointments.

The fact that his newly elected deputy, Mr Neil Brown, has been given responsibility for industrial relations is an indication of the importance the Opposition is giving to this portfolio. Mr Howard was one of the first to recognise that the benefits expected from the deregulation of the financial market would not be achieved unless there was an equivalent deregulation of the labour market. The victory over union conservatism won at Mudginberri is now being followed by the campaign spearheaded by the McDonald's fast-food chain to allow employers to give jobs to unemployed teenagers at wages well above the dole but below the relevant award.

It is in the arena of industrial relations that the principal political battles are going to be fought. Mr Howard's prospects of becoming prime minister and his shadow minister's hopes of becoming real ministers depend on how this struggle is resolved.

CSO: 4200/25



AUSTRALIA

EXPORT SURGE TRIMS TRADE DEFICIT 34 PERCENT

Sydney THE AUSTRALIAN in English 12 Sep 85 p 1

[Article by John Short]

[Text] Australia's balance of payments returned to more normal levels in August, when the current account deficit for the month fell to \$895 million--34 percent down on the record deficit of \$1.35 billion in July.

A strong pick-up in exports in August produced a significant fall in the trade deficit--down to \$55 million, compared with \$489 million in July.

The significant turn-around in the balance of payments was principally due to the July figures being distorted by a high level of public-sector imports and a delay in exports because of industrial disputes.

The August current account deficit figure is in line with the Budget prediction that this year's deficit would be slightly above the 1984-85 outcome of \$10.2 billion.

The money and foreign exchange markets continue to be troubled about the balance of payments and will therefore monitor developments to see if the dollar should be further marked down.

The balance of payments figures therefore had little impact on the value of the dollar yesterday, but some concern was expressed about the continued high level of imports in August.

Imports for the month totalled \$3.145 billion, a 2 percent fall on the abnormal July result of \$3.224 billion. In seasonally adjusted terms imports actually rose during the month from \$2.944 billion to \$3.024 billion.

The Australian Bureau of Statistics noted that the August current account deficit "was slightly above the average deficit of \$872 million for the two months May and June 1985."

The problem for the Government is that the immediate effect of a falling dollar is to exacerbate the apparent balance of payments problem because depreciation initially pushes up the cost of imports.

It takes some months before the higher cost of overseas goods forces importers to cut overseas purchases and resource in Australia.

The Government does not expect to see any favourable impact of the currency depreciation on imports until early 1986.

Exports in August totalled \$3.09 billion, up \$355 million (13 percent) on July. Rural exports were virtually unchanged.

A breakdown of rural exports shows that a 10 percent fall in cereals was offset by rises of about 10 percent in meat and 15 percent in wool.

In non-rural exports, all broad commodity groups rise with the exception of machinery and transport equipment (down 5 percent).

The largest increase was in exports of mineral fuels other than coal which were double the level of the previous month.

Coal exports rose 15 percent, while metal ores and minerals jumped 20 percent.

The major factors behind the 2 percent fall in imports were a 20 percent drop in fuel imports and a 10 percent fall in overseas purchases of machinery and transport equipment, as well as a significant decrease in public sector imports.

CSO: 4200/25

AUSTRALIA

NEW LIBERAL BOSSES SAID MEN TO CUT UNION POWER

BK171006 Sydney THE AUSTRALIAN in English 6 Sep 85 p 2

[Das Keegan's "Comment"]

[Text] Mr John Howard and Mr Neil Brown have grabbed Liberal Party reins in the nick of time to defend us against the ALP's [Australian Labor Party] unconditional surrender of economic policy to ACTU [Australian Council of Trade Unions] bosses.

Why were they chosen over matinee idols Andrew Peacock and John Moore? My guess is that Liberal members divined middle Australia's growing yearning for the conservative leadership of yesteryear.

Further, middle Australia--most of us--has probably always been more interested in living standards, fair taxes and sound government than in the coiffure or profile of its leaders.

Failure to canvass John Howard's victory chances against his telegenic opponent, Mr Andrew Peacock, reflects leftist bias in the media. They are blinded to the dismay and distress as middle Australia carries more tax for government excesses. Canberra is far from the maddening crowd.

Mr Howard is bone dry and has runs on the board as a first-class performer in years as treasurer and in opposition. He also had his lean times, and was rolled enough by Malcolm Fraser and National Party power brokers. They tarnished his image.

He had his victories, too, but the plaudits for implementing the recommendations of the Campbell Committee went to Paul Keating instead of their architect, John Howard. For Mr Keating, the time for the idea of deregulation had come, and he wears John Howard's laurels.

There is currency to the view that only telegenic leaders can win elections, and Andrew Peacock has this quality. But Liberal members regained their hearing and listened instead to the voice of middle Australia leading for a fair go. Andrew was found wanting on economic management.

The electorate wants some horse sense after 15 years off the rails under the Whitlam circus, the Fraser vacuum and the present Hawke attack on middle Australia. Mr Howard is seen as the white knight.

Elected Liberals, informed by middle-class stirrings, rejected the ground rules for the leadership challenge. Mr Peacock said: You can only vote me leader and Mr Moore deputy. Mr Howard was to be banished.

It seems Mr Peacock was acceptable as chairman of committee and leader as long as he had Mr Howard there to look after the serious business of talking about the economy. This team was indivisible.

The new Liberal team knows Australian voters are vitally interested in cutting inflation, taxes and government spending. The Labor Party surrender to the ACTU on discounting wages for inflation yesterday hardened Liberal members' resolve to cross the Rubicon with Mr Howard.

They banked on community awareness that indexation of wages leads to more inflation and automatic tax rises as extra income goes through higher thresholds...that the prices and incomes accord is a fraud.

I feel no surprise that Mr Howard was chosen; the socialist tide is on the ebb, and Liberal members looked to their own hides. Mr Brown is a surprise the Left will find uncomfortable. He will make or break his parliamentary career bringing unions within the rule of law.

Mr Brown is a QC [Queen's Counsel] who has a good dry approach to social philosophy. He and Mr Howard know the time is ripe to cut union power and decentralise wage-fixing.

Mr Brown will probably be the enforcer for this if he becomes attorney-general. He is tough, hard working and will probably mount the first challenge to union anarchy since tramway leader Clarrie O'Shea was jailed in Melbourne in the late 1960s.

Middle Australia instinctively knows the ALP and union promises are siren songs which have savaged living standards. Australians in 1950 were the third-richest people in the 24-nation Organisation for Economic Cooperation and Development; we are now 18th.

Mr Howard and Mr Brown have been elected to reverse this generation of political dereliction. They can do this if they serve notice on their mediocrities to vacate their seats for new blood. Talent is thin in the Liberal Party and rare in its coalition partner, the National Party.

But Mr Howard first has to shake off the odium he incurred with Malcolm Fraser and the repugnant retrospective tax laws. He has time for this and to miss the coming economic problems sparked by the ALP's betrayal of wage policy to an unrepresentative ACTU.

AUSTRALIA

DAILY ANALYZES, CRITICIZES INFLUENCE OF UNIONS

Sydney THE AUSTRALIAN in English 10 Sep 85 p 8

[Editorial: Sharing the Impact of Devaluation"]

[Text] The Hawke Labor Government won the confidence of Australian business very quickly after it first took office. Its Treasurer, Mr Keating, succeeded in wooing that stronghold of anti-socialist sentiment, the financial community, to an extent which would have been unimaginable to earlier Federal Labor administrations.

But this harmonious relationship can only wither as it becomes apparent that benefits to Australia which should have followed the floating of the Australian dollar are being lost because of the privileged position under Labor of the union movement.

Mr Howard's task in advocating his "dry" doctrines is becoming easier every day as the economic consequences of the organic links between the Australian Labor Party and the trade unions become ever more glaringly obvious.

Mr Hawke and Mr Keating have made it as clear as they can afford to do that they have no sympathy for the ALP's traditional economic goals and theories. But however much they might wish to do so they cannot ignore the wishes of the Australian Council of Trade Unions on those aspects of economic management which directly impinge on its affiliated members.

This is why economic questions, even including those such as tax reform which affect all sections of society cannot be dealt with unless the ACTU gives its assent. It is the power of the unions which has prevented economic deregulation being carried through to its logical and essential conclusion.

The effects of this partisan and lopsided approach to the economy are at present most evident in the rise in interest rates. Interest rates began to rise earlier this year as a result of the tighter money policies introduced by the Reserve Bank in order to reduce the inflation rate and to protect our dollar from a too rapid and too traumatic devaluation.

However, although the interest rate charged to its large corporate borrowers by the National Australian Bank has risen to a record 18.75 percent, the Federal Government continues to refuse to permit housing loan interest rates to be increased above 13.5 percent. This restriction on housing loan interest rates has been retained by the Government out of political prudence.

But it places a burden on the banks which is not put on unionists who have gained substantial concessions for the deferment of full indexation.

If the wider public becomes aware that the dislocations caused by the floating dollar have been to no avail because of the sectional selfishness of the unions, it is Mr Hawke and Mr Keating who will suffer electorally.

Unless the Government is able to convince the ACTU that its members should share the responsibility taken by the private sector, or, what is much more unlikely, it decides in the national interest to ignore the demands of the ACTU, it will find it all but impossible to turn back the attack which Mr Howard is about to mount against it.

CSO: 4200/25

AUSTRALIA

# GOVERNMENT REPORT HITS IMPACT OF EEC AGRICULTURE SUBSIDIES

## Negotiations Initiative

Sydney THE AUSTRALIAN in English 3 Sep 85 p 2

[Article by Nigel Austin: "EEC Agriculture Support Costing Aust \$1bn a Year"]

[Text] The European Economic Community is costing Australia \$1 billion every year because of its agriculture support policies, according to a Federal Government report issued yesterday.

The report on agricultural policies in the EEC, prepared by the Bureau of Agricultural Economics (BAE), says the problem is likely to become worse. It says EEC surplus production has depressed world agricultural prices by 16 percent.

BAE director Dr Andy Stoeckel said at the launching of the 360-page study that the EEC's Common Agricultural Policy (CAP) was a "horrendous" problem behind the world agricultural trade crisis.

The publication of the report was the first part of a Federal Government initiative, directed by the BAE to try to exert pressure on the EEC to change the agricultural policy.

Dr Stoeckel said the BAE would try to convince the EEC and its consumers of the folly of its agriculture support programs.

The BAE had organised a world conference in Brussels from October 16 to 18 where the conclusions of the report would provide the basis for discussion. The study was particularly timely because the EEC was reviewing the agricultural policy and debating possible reform.

The Minister for Primary Industry, Mr Kerin, and the Minister for Trade, Mr Dawkins, welcomed the report, saying it would be used in trade negotiations with the EEC.

"Clearly, the CAP is a juggernaut out of control and this needs to be emphasised in our talks with Mr Andreissen," the ministers said in a joint statement.

(Mr Frans Andreissen, the deputy president of the EEC's governing body, the European Commission, will visit Australia next week).

However, Mr Kerin and Mr Dawkins said there was little action Australia could take against the EEC without harming itself.

The executive director of the National Farmers Federation, Mr Andrew Robb, said farmers would not be surprised to learn that EEC agricultural policy was costing Australian agriculture huge amounts of money in lost exports.

The report would give impetus to the international debate on the cost borne by world exporters of agricultural produce because of that policy.

It says that greater awareness of the large cost of the agriculture policy among consumers, taxpayers, manufacturers and the unemployed, is needed to enhance the chances of reform.

It gives details of the subsidisation of agriculture in the EEC and illustrates how the community has been transformed from the world's largest importer of temperate-zone agricultural products to the world's second-largest exporter.

Dr Stoeckel said agricultural protection in the EEC had resulted in high costs to consumers and taxpayers. At the same time it had imposed heavy costs on traditional exporters of temperate-zone agricultural products, such as Australia.

"Clearly, the European community could achieve its desired objectives by pursuing alternative policies which would be both less costly to itself and less damaging to the agricultural industries and economies of other countries," Dr Stoeckel said.

"It is hoped that this study will stimulate debate with and outside the European community on ways in which such policies might be implemented."

#### Implications for Local Commodities

Sydney THE AUSTRALIAN in English 3 Sep 85 p 2

[Text] The following are the expected implications for Australian commodities resulting from European Community production in coming years, according to figures released yesterday by the Bureau of Agricultural Economics.

Beef and Veal: EEC beef industry support and subsidised exports have already had a severe impact on the Australian beef industry, but the effect would be potentially disastrous if the EEC moved into the Pacific Basin markets.



It is estimated the ultimate effect would be an 11 percent drop in Australian saleyard prices, representing a cost to beef producers of \$215 million a year.

While the EEC has given Australia assurances that it will not sell subsidised beef in the Pacific rim markets in the foreseeable future, a potential threat to the Australian industry remains in the medium to longer term.

There is a high degree of uncertainty surrounding EEC beef production and export availability, but the exportable surplus in 1990-91 is expected to be 700,000 tonnes.

#### Supplies

Sheep Meat: The EEC is about 75 percent self-sufficient in sheep meat with New Zealand the main supplier of its substantial import requirement, followed by Australia and Argentina.

The upward trend in EEC production has been much steeper than consumption, leading to the likelihood that there could be a substantial reduction in the EEC's import requirements by 1990. The effect on Australian lamb prices is calculated as a fall of 4 percent.

Australian sheep meat exports to the EEC have averaged only 11,000 tonnes in recent years but increased competition from New Zealand in the Middle East and Japan would be substantial.

Another factor which would significantly influence the extent of competition from New Zealand is the abolition of the supplementary minimum price scheme and the 20 percent devaluation of the New Zealand dollar in July 1984.

Grains: With the upward trend in EEC grain production and exports, increasing competition can be expected from EEC producers in world markets for a number of years.

From the trends in production and consumption since 1973 and from the most recent European Commission estimates, it appears that unless subsidies are markedly modified, exportable supplies of EEC grains could rise from about 11 million tonnes in 1982 to at least 35 million tonnes by 1991.

A large proportion of the increase in exportable surpluses would be in wheat, although the community would also become a significant net exporter of other grains.

If the US dollar remains very strong, that competition will become even greater, as the perceived need for price and production restraint will be lessened.

There is little doubt that further increases in yields will occur in the EEC, as the difference in yields between products on similar land is still quite large.

Sugar: Overall it appears the growth in world market share of EEC sugar is likely to slow. However, significant and rapid increases in EEC exportable supplies are likely if world prices increase to reasonably profitable levels for EEC producers.

#### Surpluses

Effects of EEC sugar policies have cost Australian growers between \$95 million and \$150 million a year. Since the high production period between 1980 and 1982 there has been a significant reduction in EEC production, although it is still averaging about 3 million tonnes above annual domestic consumption.

It has not been possible for the EEC and other exporting countries to agree on a new International Sugar Agreement. The relative ineffectiveness of the 1977 agreement was due largely to the EEC not being a member.

Milk: Even with large low-price sales to the Soviet Union, stocks will still be high relative to pre-1983 levels and are likely to depress world prices for several years.

Dairy farming is the largest sector of EEC agriculture. It is also the sector which has generated the largest surpluses for the longest period.

As the world market has been regularly used for EEC surplus disposal, EEC policies have exerted a larger depressing influence on world prices than policies pursued by other countries.

Spending on milk industry support is larger than on any other item in the EEC budget, constituting between 27 and 46 percent of all spending on agricultural guarantees.

CSO: 4200/25

AUSTRALIA

AUTHORITIES EXPECT SECOND LARGEST WHEAT HARVEST EVER

Sydney THE AUSTRALIAN in English 12 Sep 85 p 3

[Article by Nigel Austin]

[Text] Australia is heading for another bumper wheat crop of close to 19 million tonnes, if normal seasonal conditions prevail until harvest time.

The forecast, by the grain handling authorities, is considerably higher than Australian Wheat Board (AWB) and Bureau of Agricultural Economics (BEA) estimates--but the handling authorities have traditionally proved more accurate.

The crop, which may become Australia's second largest ever, follows last year's 18.6 million tonne crop and the previous season's record 21.7 million tonnes.

The largest wheat receipt of about 6 million tonnes is expected in NSW, followed by Western Australia with 4.7 million tonnes, Victoria with 3 million tonnes, South Australia with 1.92 million tonnes and Queensland with 1.8 million tonnes, making total receipts of 17.4 million tonnes.

Wheat kept on farm and traded domestically would bring the total to about 19 million tonnes.

The AWB's forecast for the coming crop is only 16 million tonnes, while the BAE predicts a 15.9 million tonne crop. But the AWB yesterday said that given an above-average season the national crop could reach 18 million tonnes.

The AWB yesterday also raised its estimate of Australian wheat exports this season to 14.5 million tonnes following unexpected sales to the Soviet Union and other countries.

The AWB operations manager, Mr Bob Cracknell said shipments could even reach 14.8 million tonnes if all sales were fulfilled.

But Australian grain handling boards are expecting a wheat carry-over of 5.7 million tonnes going into the next season which will cause handling problems in most States.

Authorities in each State this week said they were expecting wheat carry-overs of: NSW, 2 million tonnes; Queensland, 400,000 tonnes; Western Australia, 1.8 million tonnes; Victoria, 1 million tonnes and South Australia 500,000 tonnes.

The Minister for Primary Industry, Mr Kerin, yesterday said Queensland wheatgrower Mr Clinton Condon would succeed Sir Leslie Price as the AWB's chairman next year. Mr Kerin said Sir Leslie would be reappointed from October 1, 1985.

CSO: 4200/25

AUSTRALIA

BRIEFS

OPPOSITION SHADOW MINISTRY--The new leader of the federal opposition, Mr Howard, has named his shadow ministry in preparation for the resumption of parliament today. In his reshuffle, Mr Howard drops six front benchers in the shadow ministry of Mr Andrew Peacock, who resigned the opposition leadership last week. The new shadow treasurer is Mr Jim Carlton, a conservative economist from New South Wales. The new deputy leader of the opposition, Mr Neil Brown from Victoria, is the spokesman for employment and industrial relations. Another New South Wales colleague of Mr Howard, Mr John Spender, has returned to the front bench as shadow attorney general. Mr Peacock becomes spokesman for foreign affairs while fellow Victorian, Mr Ian Macphie, is spokesman for communications. Those dropped from the shadow ministry are Senator Peter Rae, Mr Michael Hodgman, Mr Roger Shipton, Mr Paul Everingham, Mr Philip Ruddock, and Mr Tom McVeigh. [Text] [Melbourne Overseas Service in English 0130 GMT 10 Sep 85]

SECOND JOURNALIST POSTED TO JAKARTA--The Indonesian Government has agreed to the posting of a second Australian news correspondent in Jakarta. At present, only AUSTRALIAN ASSOCIATED PRESS has a resident correspondent in the Indonesian capital. However, a Radio Australia correspondent at present visiting Indonesia, Walter Hamilton, says THE AUSTRALIAN FINANCIAL REVIEW newspaper is also to be allowed to establish an office in Jakarta with a resident correspondent. Hamilton says Indonesia has chosen to exclude a number of foreign correspondents because of what it sees as unbalanced reporting on such issues as East Timor. Radio Australia and its parent organization, The Australian Broadcasting Corporation, have been without a resident correspondent in Jakarta since 1980. Hamilton says THE AUSTRALIAN FINANCIAL REVIEW has made frequent representations to Indonesian authorities for permission to send a correspondent. He says a recent statement by the Australian prime minister, Mr Hawke, recognizing Indonesian sovereignty over East Timor is believed to have improved the chance of Australian media's access to Indonesia. [Text] [Melbourne Overseas Service in English 0430 GMT 23 Sep 85]

PORTUGAL PROTESTS OIL EXPLORATION--Portugal has strongly protested to Australia about reports of negotiations between Australia and Indonesia over oil rights in the Timor Sea. The Portuguese foreign minister, Mr Jaime Gama, sent the protest note after reports reached Lisbon that

negotiations over joint exploration of the oil deposit had taken place in Canberra. Mr Gama's note says Portugal objects strongly to what he called Australian disregard for international law. He expressed surprise that Australia planned to negotiate on the exploration of resources in a territory over which Portugal was the internationally recognized administering power. Timor in Portugal's view has legally not been fully decolonized and its people have not had the chance to take part in an act of self-determination. The Australian prime minister, Mr Hawke, recently upset Portugal by saying for the first time that his government recognized Indonesia's sovereignty over East Timor--a former Portuguese colony which was invaded and annexed by Indonesia a decade ago. Portugal wants self-rule for East Timor where the leftist guerrilla group, Fretilin, is still fighting Indonesian troops for independence. [Text] [Melbourne Overseas Service in English 0830 GMT 20 Sep 85]

ASSISTANCE TO INDONESIA--Australia has agreed to grant \$17 million [Australian dollars] to help finance the expansion of the Indonesian state-run agriculture institute. Australia's ambassador to Indonesia, Mr Bill Morrison, says the institute in Bogor, 60 km south of Jakarta, is expected to be self-sufficient as an agricultural training center after the scheduled completion of its expansion in 5 years time. An animal disease research institute in Bogor at present receives assistance from Australia for a project on animal disease. [Text] [Melbourne Overseas Service in English 0130 GMT 24 Sep 85]

WHEAT SALES TO CHINA--The Australian Wheat Board says it is pleased it has sold an extra 800,000 tons of wheat to China this year even though the total is far below the 1984 level. The chairman of the board, Sir Leslie Price, says the additional sale will mean a total amount of about 1.3 million tons of wheat will be shipped to China this year compared to a total of 2.3 million tons last year. Sir Leslie has described the additional sale as extremely pleasing as it reaffirms the board's long-standing relationship with China and indicates that Australia will continue as the preferred supplier of wheat to China. He said the drop in sale had been expected following the successful expansion of China's own wheat industry. [Text] [Melbourne Overseas Service in English 0830 GMT 2 Sep 85]

CABINET AGREES ON TAX REFORM--The federal cabinet has agreed on a final package of tax reform after long discussions over the weekend and today. The tax reforms will now go to the Labor Party caucus--all its members in the House of Representatives and the Senate--and will then be announced by the treasurer, Mr Keating, on Wednesday. Mr Keating says the tax package is not as extensive as that sought by the government at the tax summit in July. The summit of government, union, and business representatives criticized these reforms, and the government decided not to push ahead with them. However, Mr Keating says the revised measures are the biggest tax reform Australia has had for many years. A Radio Australia political correspondent in Canberra says the reforms include a capital gains tax, a range of income tax cuts, a clamp down on fringe tax benefits, and the introduction of national identification cards. [Text] [Melbourne Overseas Service in English 0830 GMT 16 Sep 85]

CSO: 4200/12

INDONESIA

SUHARTO ON EAST EUROPEAN TOUR, FOREIGN POLICY

BK300605 Jakarta THE INDONESIA TIMES in English 25 Sep 85 pp 1, 7

["By Our Reporter"]

[Text] President Suharto denied charges that Indonesia's foreign policy has been misled and turning to the Western bloc since the new order regime has been in power. "It is not true that we merely give in to foreign assistance," Suharto told newsmen who were with him on the flight home from Geneva, following an 11-day visit to Turkey, Hungary and Romania.

Suharto, accompanied by his wife, Mrs Tien Suharto arrived at Halim Perdanakusuma airport on Tuesday afternoon. He was given a red-carpet welcome by Vice President and Mrs Umar Wirahadik Usumah as well as a number of high ranking officials.

Suharto reiterated that Indonesia is still consistent to its original objective of facilitating its foreign policy for the national interest.

Regarding foreign assistance, the president insisted that Indonesia has the right to decide on the priorities for the use of assistance extended by donor countries.

Suharto asserted that with diverse political system, Indonesia and the countries he visited have common views on the essence of the 10 Bandung principles for creating peaceful coexistence among the nations.

With Turkey's secular and liberal system, and Hungary and Romania's communist system, Indonesia, according to the president has Pancasila--what he calls a monodualistic system--as its own state foundation, state ideology and way of life. Suharto described Pancasila as a monodualistic system which combines individual and social-togetherness principles.

The main challenge, said Suharto, is to create balance among these principles and he leaves it up to Indonesians to carry these principles into real life.

With Indonesia, these countries shared views that in finding political solution for problems Kampuchea, Afghanistan, and Namibia let their people to make their own choices for their political systems.

Suharto indicated that Hungary and Romania are continually observing the situation in the Southeast Asia, and they respect ASEAN's untiring efforts to find political solution to the Kampuchean conflict.

In his talks with the leaders of Turkey, Hungary and Romania, Suharto reiterated the agreements they achieved during their respective talks in Jakarta. To realise these agreements, said Suharto, the respective country had agreed to involve private sector more actively.

On his side, Suharto urged Indonesian businessmen to make serious efforts to offer Indonesian products to these countries. They need coffee, tea, rubber, cocoa and oil from Indonesia.

Romania has agreed to buy 20,000 tons of rubber from Indonesia annually. Indonesia offers super-heavy crude to Romania with price \$24 per barrel. Suharto was told that Romania buys crude from certain OPEC members with a discount of 10 to 15 percent. Suharto told them that Indonesia is consistently bound to OPEC's decision.

Suharto also invited Hungary and Romania to invest here by following the existing procedures on foreign investment.

Touching on North-South dialogue, Suharto indicated that the fault should not only be blamed [passage omitted] also to the division among the developing countries.

The dialogue stalemate has also been caused by the unpaid debt of South countries which amounted to over \$1,000 billion. With an interest rate of 10 percent per annum, the developing countries have to pay their debt interest of over \$100 billion annually.

Suharto and his counterparts have also expressed their deep concern over arms race and international political developments. The big powers have spent over \$900 billion for their defence and military budgets.

On buffer stocks common fund, Suharto urged the need for realization of the existing agreement to stabilise price and supply of commodities, such as rubber and tin.

For Indonesian bid to become the host of International Tropical Timber Organization (ITTO), Suharto hoped that more producing and consuming countries would give their support. France, the Netherlands and Japan are the organization's headquarters.

According to the president, most producing countries support Indonesia's bid to choose Jakarta as the ITTO's headquarters.

CSO: 4200/9



NEW ZEALAND

ARTICLE SAYS CANWAR SOURCE OF INFORMATION ON U.S. SHIPS

HK171114 Wellington THE EVENING POST in English 11 Sep 85 p 4

[Article by Hank Schouten]

[Text] It may seem ironic but the prime source of information about the nuclear capability of American warships is an American-published textbook based on United States Government information.

Canwar spokesman Nicky Hagar is astounded by the amount of information made public primarily through congressional hearings and much of it has been brought together in one volume, the "Nuclear Weapons Databook," published by the American Natural Resources Defence Council.

Hagar says the book is bound to be in every defence library. It is comprehensive and everything in it is carefully sourced.

That book, the "Jane's Fighting Ships" and the rest of Canwar's reference material on nuclear warships could easily fit into one small filing cabinet. (It actually sits on an open shelf).

However, Hagar, who holds a bachelor of science degree in physics and an honours degree in philosophy, is confident that Canwar is as capable as anybody of telling which ships are nuclear-armed.

"We've built up considerable files. I doubt if the External Intelligence Bureau or the Defence Department have access to more information than we have. They have got into these areas of study in the past year but we've been into it for years.

"Because nobody else has been prepared to say whether or not ships are nuclear-armed, peace groups have taken on the responsibility. We have had to find the information and then be prepared to justify what we say."

Canwar operates out of the offices of Peace Movement Aotearoa, an old, rundown two-storey house in Sydney Street East--about 200 meters across Molesworth Street from the front steps of Parliament. Funding is limited and comes entirely from donations.

"If a warship comes in we could be spending thousands and that money comes from many small donations from members of the public. I don't think we've ever had any big donations. All of it comes in small donations ranging from \$1 to \$10."

At the height of a warship campaign up to 40 groups may be involved and active, but at other times--like the present--only a few activists are involved. Meetings were held only when required.

Hagar said Canwar was a coalition of many groups interested in peace--church groups, unions, environmental groups and members of the various peace squadrons who had been active in waterborne protests aimed at blocking warships.

Hagar's role with Canwar is an adjunct to his \$170 a week job for Peace Movement Aotearoa. Sitting alongside him in the same office is veteran peace campaigner Owen Wilkes.

He says other brains are also available, including Auckland University physicist Peter Wills and campaigners in Australia and the United States.

"Basically, what Canwar draws on is an informal but reasonably powerful network of peace researchers."

Hagar said that with the volume of information available on weapons systems it was quite possible to say whether or not ships were likely to be carrying nuclear weapons. He rebuts arguments that almost any vessel could carry nuclear weapons. "People say you could use a rowboat to carry and drop a nuclear depth charge. But if you're going to use a nuclear depth charge you need a helicopter to carry it away from the ship or else you would blow yourself out of the water."

So, given that many vessels such as supply ships could well be carrying nuclear weapons, they could be excluded from the category of nuclear-capable ships, because they did not have the capacity to launch them.

While considerable information is available on American warships, the British are more secretive about their defence capability.

But Hagar says he has been able to piece together a fair amount from various annual reports and speeches by politicians anxious to show that Britain still has a credible nuclear deterrent.

From this, he says, he was able to establish that the British have no nuclear-capable ship-launched missiles. However, its Sea Harrier jets are capable of dropping nuclear weapons and Sea King helicopters have been equipped to drop nuclear depth charges. Ships or aircraft carriers equipped with these aircraft are considered nuclear-capable.

Information on the Soviet Navy comes from "Jane's" and a few other textbooks, but Canwar sees this research as largely academic as there is no prospect of a Russian ship visit to New Zealand.

However, Hagar has used the information to check the validity of claims of a Russian military buildup in Cam-Ranh Bay, Vietnam.

His impression? "It's a relatively tinpot operation. If there were signs of a really big Soviet buildup you would imagine the Americans would have been anxious to publish photos showing lines of ships in port."

Research on the French Navy has also been limited, but he maintains it would only have a narrow range of nuclear weapons unsuitable for deployment on surface ships.

CSO: 4200/11

NEW ZEALAND

LANGE RESISTS PARTY LINE ON ANZUS

Sydney THE AUSTRALIAN in English 2 Sep 85 p 1

[Article by Richard Long]

[Text]

NEW Zealand's Labour Party conference yesterday demanded a left-wing shift in the Government's foreign policy, involving a withdrawal from ANZUS and move towards non-alignment.

Afterwards, the Prime Minister, Mr Lange, defied the conference, saying the resolutions would not be adopted as party policy.

The left-wing dominated conference called for:

**WITHDRAWAL** from ANZUS, and cutting military ties with any nuclear power — a move that would effectively end New Zealand's participation with Britain in the five-power defence arrangement with Australia, Singapore and Malaysia.

**ADOPTION** of a policy of non-alignment and neutrality, and an end to military exercises with any ships which might be nuclear-armed.

**PERMISSION** for the Soviet airline, Aeroflot, to use Christchurch Airport for deploying Soviet fishing crews.

**WITHDRAWAL** of recognition of the Pol Pot faction in Kampuchea, a non-aligned policy on Kampuchea and New Zealand aid to Vietnam.

**EXPEDITING** withdrawal of NZ forces from the Sinai, and priority to closing the NZ army base in Singapore.

**ENDING** all military ties and assistance programs to Indonesia and the Philippines.

**SUPPORT** for the Sandinista Government in Nicaragua.

The resolutions are not automatically binding on the government. They will go to a Policy Council, where usually the government succeeds in watering them down.

Conservatives won only two points. They rejected a call for the US military operation in Christchurch, base for the Antarctic support program, to be closed down, and threw out a proposal to cut defence expenditure.

Mr Lange, dismissing the conference resolutions, said the Deputy Prime Minister, Mr Geoffrey Palmer, would take a "door opening" proposal to Washington this month, seeking an American naval visit.

Mr Lange said he hoped a visit would be made, but he agreed if the proposal fell through, like the planned visit earlier this year of the USS Buchanan, "the rupture would be worse than the first one".

Mr Lange admitted serious attention would be given to the remits (decisions) passed by the conference.

"But you are crazy to assume that resolutions become policy," he said.

"Sometimes passionate principle has to be balanced out with the raw reality of being in government ... we forge out a realistic policy which preserves our principles but does not cause us to be reaching for the can of kerosene and setting alight to ourselves."

Mr Lange announced that legislation giving legal effect to the ban on nuclear weapons and nuclear-powered craft would be introduced in Parliament before the end of the year.

Washington has warned such legislation would lead to a review of the ANZUS alliance and the commitments which underlie it.

Mr Lange said a judicial review provision would be included. This would place the responsibility for admitting vessels with the Prime Minister, whose judgment would have to be reasonable and subject to review by the courts.

Mr Lange challenged suggestions that he was planning to compromise in a bid to find a formula for ship visits, saying he was looking for a solution to the ANZUS impasse, not a compromise.

Earlier there was applause and foot-stamping approval from 700 delegates when the Deputy Minister for Foreign Affairs, Mr Frank O'Flynn, assured them: "No nuclear weapons will be allowed in New Zealand under any circumstances."

Delegates who had earlier shown a remarkable degree of loyalty to the Government by supporting the planned 10 per cent goods and services tax, showed no signs of compromise on the ANZUS issue.

Mr O'Flynn spoke against a vote for non-alignment, saying New Zealanders wanted the country to remain squarely in the Western alliance. The country needed to stay in ANZUS, and non-alignment and withdrawal were "not politically on".

One balancing factor was the rejection of a bid to oppose uranium mining in Australia, a move which Mr O'Flynn pointed out would place defence and other relations at risk.

The conference adopted a proposal that no ships or aircraft would be permitted

entry unless there was "publicly available and credible evidence" which enabled the Government to guarantee the non-nuclear policy was not being breached.

Mr Lange later added support to this, saying ships would not be able to make visits if there was any uncertainty about their status.

To suggestions he appeared to be telling the Americans on one hand that there would be some policy movement, and the Labour Party on the other that the Government had not changed its policy, Mr Lange replied such a conclusion would be completely wrong.

"The Americans accept the strength of our continuing policy," he said. "We do not have any more references for unlimited access or anything like that from the Americans ... if we back down on this issue we back down on any claim to have integrity as a government."

Mr Lange agreed that Washington might not accept a situation where he would be stating, before each visit, whether a ship was nuclear-armed or not.

NEW ZEALAND

GAS CONVERSION PLANT TO FILL ONE-THIRD OF GASOLINE NEEDS

Sydney THE AUSTRALIAN in English 4 Sep 85 p 20

[Text]

NEW Zealand's answer to any potential future world energy shock — the \$US1.5 billion (\$2.14 billion) gas-to-petrol project — is set to begin commercial production before the end of the year.

More than five years after the idea was first mooted and three years after construction began, work on the huge plant, which will meet about one-third of the country's petrol needs for at least the next 20 years, is more than 95 per cent complete.

"Commissioning and start-up activities are under way," a spokesman for the owners, the New Zealand Synthetic Fuels Corp said. (NZSFC is a joint venture between the Government, 75 per cent, and the Mobil Oil group, 25 per cent, which designed the process.)

Located at Motunui on the west coast of the country's North Island, the plant is designed to produce 570,000 tonnes of petrol a year from 52.5 petajoules of gas from the offshore Maui gas field.

New Zealand, which at present consumes about 110,000 barrels of oil a day, also is benefiting from a small but steady rise in oil output to help reduce reliance on costly oil imports.

Output of oil and condensate during the first half of this year averaged 26,000 barrels a day — an increase of about 37 per cent over last year.

The largest onshore producer is the McKee area in the North Island, with output now about 8500 barrels a day and expected to climb to about 11,000 barrels a day by 1990.

But the Government is looking to the expensive synthetic fuel plant to ensure the country's economy never again feels the brunt of large increases in world oil prices.

Construction of the plant is on schedule and within the original US dollar budget.

The country's devalued dollar — down from parity with the US dollar to US54c — has increased NZ dollar costs, although by how much is not clear at this stage.

On the other hand, the devaluation strengthens the commercial viability of the project because of the large increases in the price of imported oil (about \$NZ52 a barrel).

### Stand-by

The plant, which is designed to survive potential major earthquakes in the area, took a staggering nine million man hours to complete, seven million of which were on-site in-

volving a workforce of slightly less than 1800 people.

New Zealand had to raise \$US1200 million to pay for the project. NZSFC provided 19 per cent of the money, and a syndicate of banks led by Citicorp International the remaining 81 per cent.

A stand-by facility of an additional \$US500 million also was arranged.

Part of the loan is in the form of Japanese and Italian export credits associated with the purchase of major equipment items.

The credit facility is to be repaid during the next decade.

First output of petrol is planned for the fourth quarter of this year.

The petrol will be used as a refinery blendstock and will be sold at a price related to that of refined petroleum products from the Marsden Point refinery in the north of the North Island.

"This will ensure market stability and the Government will receive a value for the gas pro-

cessed which reflects international oil prices," the spokesman said.

The plant works by converting the gas in a two-stage process into petrol; from gas into methanol and then to petrol using the Mobil-designed system known as "proprietary zeolite catalyst ZSM5".

Simply put, the catalyst removes the water from methanol and rearranges the hydrocarbons to produce a product which, according to the NZSFC spokesman, is indistinguishable from petrol produced by traditional refining of crude oil.

The NZSFC has an incentive to meet anticipated output levels — failure to meet production targets will result in an immediate cost penalty.

"The overriding obligation of the company at all times is to maintain production," the spokesman said.

If everything works as expected, the Government estimates the net revenue will be about \$NZ3.2 billion.

CSO: 4200/26

NEW ZEALAND

BRIEFS

LANGE ON HERNU RESIGNATION--The resignations of Defence Minister Charles Hernu and head of the French secret service, Admiral Pierre Locoste, reflected the serious manner in which the French Government was pursuing the truth in the Rainbow Warrior affair, the Prime Minister, Mr Lange, said today. Asked for comment on the resignations--Mr Hernu last night offered his resignation to Prime Minister Laurent Fabius and Mr Fabius also proposed the removal of Admiral Lacoste--Mr Lange said that from the outset the French Government had declared its intention to get to the bottom of the matter. It had promised its cooperation with the New Zealand Government to that end. "However, the truth of the matter is that New Zealand was host to French agents. No apology has been forthcoming. The longer France distances itself from the truth, the more politically destabilising it will be," said Mr Lange. Mr Lange reiterated his determination to ensure the trial of the two French agents in Auckland proceeded along with established legal principles. [Excerpt] [Wellington THE EVENING POST in English 21 Sep 85 p 1]

CSO: 4200/11



PHILIPPINES

PAPER VIEWS ELECTION FINANCING PLANS

HK110723 Quezon City ANG PAHAYAGANG MALAYA in English 4 Sep 85 p 4

[Editorial] "People's Money"]

[Text] United Nationalist Democratic Organization (Unido) President Salvador Laurel unveiled a report the other day that should make all decent Filipinos sit up and take notice. According to him, the Kilusang Bagong Lipunan (KBL) is all set to release the whopping amount of P5 billion to win any election their master may call at any given time.

If the party has this much money for the expected campaign, well and good. This would mean the people--the penurious masses--to be precise--could get their hands on some cash which must have been stolen from them in the first place. The manna could only fall from the party coffers during election, but times being what they are, anything that could stretch the purse strings of Filipinos would be most welcome.

But here is the rub: P3 billion out of the proposed logistics to finance the campaign would reportedly be drawn from national funds, with the remaining P2 billion raised through a collection from businessmen. If the Unido president's information is correct--and, considering the total loss of political morality in this country under the conjugal reign, one is prepared to believe anything--the plan smacks of malignancy and cirulence one seldom hears about.

To use national funds to bankroll an election campaign in unconscionable per se and constitutes a blatant abuse of the presidential powers to transfer funds from one office to another under PD 1177. In Mr Laurel's words, "He (Mr Marcos) will use the people's money to frustrate the people's will." But the more evil proposal perhaps not seen at this time, is the reported "tong" from businessmen, whose far-reaching results could only wreak havoc on the dwindling purchasing power of the peso. For how, indeed, does the business community hope to recoup the huge funds they threw in the political kitty? There is only one way to do it and that is, to pass on to consumers the cost of this arm twisting. Thus, whatever little gain comes the electorate's way during the campaign will soon be nullified--totally and permanently.

We like to hope that Mr Laurel is wrong about this particular disclosure before the foreign correspondents association. But considering the evil nature of those in the government--and this is borne by their track record--the chances are Mr Laurel's information has a factual basis.

CSO: 4200/1589

17 October 1985

PHILIPPINES

## SUPREME COURT SEEKS COMMENT IN IMPREACHMENT MOVE

HK140654 Manila BUSINESS DAY in English 13 Sep 85 p 12

[Text] The Supreme Court yesterday asked Batasan speaker Nicanor Yniguez, the committee on justice, human rights and good government and its chairman, Assistant Majority Floor Leader Manuel Garcia to comment within 10 days on the petition filed by 52 opposition Batasan members asking the tribunal to order the recall from the Batasan archives of their impeachment resolution and verified complaint against President Marcos to enable the legislature to conduct the impeachment trial.

In a one-page en banc resolution, the high court also directed the respondents not to file a motion to dismiss the petition.

The court's action raised hopes that the impeachment complaint brought against President Marcos is still not dead at least in the tribunal.

While asking the respondents to comment on the petition, the high court has not given due course to the petition, meaning it still has to decide later whether or not to entertain the petition after the comments have been submitted.

The petition was filed last week by MP Alberto G. Romulo and assistant minority floor leader Marcelo B. Fernan on behalf of the 52 opposition Batasan members.

In their petition, the opposition MPs asked the high tribunal to nullify the report of the committee on justice dismissing the impeachment resolution.

They also questioned the constitutionality of the Batasan rules of procedures in impeachment proceedings, which amended the impeachment provisions of the constitution by imposing stringent voting requirement before the President may be tried by the legislature.

The high court's resolution came in the wake of an earlier resolution by the tribunal dismissing a petition by two Makati-based lawyers asking the court to compel the Batasan to give proper proceedings to the opposition complaint for the impeachment of Marcos.

The petition filed by lawyers Arturo de Castro and Perfecto Cagampang Sr. was dismissed by the court on grounds that it involved a political question which cannot be looked into by the court and that the tribunal cannot compel the Batasan to perform its duties within its sphere of responsibility. The court also pointed out that the petitioners are not the proper parties to question the action of the Batasan because they have no personal or substantial interest affected by the action.

CSO: 4200/3

PHILIPPINES

OPPOSITIONIST CLAIMS CIA LOOKING FOR MARCOS REPLACEMENT

HK121145 Quezon City ANG PAHAYAGANG MALAYA in English 6 Sep 85 pp 1, 6

[By Marlen Ronquillo]

[Text] Fearing an imminent communist takeover, the United States Central Intelligence Agency has been pressing the Reagan administration for "hard and fast measures" to force the Marcos government to call for a snap presidential election, an opposition member of parliament said yesterday. The CIA, according to Homobono Adaza (Misamis Oriental), has been pressing in top-level, confidential discussions on the Philippine situation for more pressure, mostly economic. He said the intelligence agency's pressures have been rocking the policy formulation meetings of the National Security Council composed of the CIA, the Pentagon and the State Department. The NSC works out the foreign security policy of the U.S. especially for allies where there is substantial American interests, he added.

To complement the agitation for a snap presidential election, CIA agents have "swarmed" all over the Philippines to shop for a possible presidential candidate sympathetic to American interests in the country and in favor of retaining the U.S. bases.

"I have it from knowledgeable sources CIA agents are all around getting regular situationers and scouting for a pro-U.S. political figure who could be a logical replacement to Marcos," said the opposition MP who recently signed a manifesto calling for the removal of U.S. bases here. "They are laying down the groundwork for a snap presidential election," he added.

He said CIA Director William Casey has been a major proponent of an emergency election and was believed to have handcarried a "clear and blunt message" to Malacanang early this year on the need for a snap polls. According to Adaza, the CIA's pressures have not been carried out due to the "dovish" stance of the State Department on the Marcos government. Adaza said the State Department, though vocal on the need to return so-called "democratic institutions" in the Philippines, wants no drastic pressures on the embattled Marcos regime.

The State Department's game-plan, Adaza said, is to let Marcos rule up to 1987, let him run for reelection and allow continuous flow of economic

and military aid based on the guidelines approved under the RP [Republic of Philippines]-U.S. accords. Adaza said the Pentagon has refused to take sides on the raging dispute between the CIA and the State Department apparently because it is still making its own indepth evaluation of the Philippine situation.

CSO: 4200/1589

PHILIPPINES

COMMUNIST PARTY EXTOLLS AQUINO MARTYRDOM

HK121045 Quezon City ANG PAHAYAGANG MALAYA in English 6 Sep 85 pp 1,6

[Text] The outlawed Communist Party of the Philippines (CPP) has paid tribute to slain opposition leader Benigno Aquino Jr., describing his death as the "fuse" that set off the "unprecedented expansion of the antidictatorship movement."

Assessing the impact of Aquino's death, the CPP said in an editorial published in the August issue of ANG BAYAN that Aquino's death can be compared to the impact of Jose Rizal's death as it resulted in the "rapid politicalization and the widespread polarization of the entire society."

"Ninoy Aquino had attained national renown as a symbol of steadfast and valiant resistance to the regime," the CPP said in what could be considered the kindest statement it had ever issued on the slain leader.

"It not only unleashed the broadest open mass movement in our country's history, it also provided the fuse that set off the puppet republic's worst political and economic crisis," it said. "Even if there were dissimilarities between our political stand as revolutionaries and that of Ninoy Aquino, we fully acknowledge his heroism in the struggle against the fascist regime," it said. It is our responsibility to him and to all the other people's martyrs to accord genuine and full justice for their sacrifice," it said.

The CPC said the Sandiganbayan will certainly acquit those responsible for Aquino's death. "Today, there is no longer any illusion even among the backward sections of the people that justice can be expected from the dictatorship," the editorial said. "The trial being conducted by the Sandiganbayan represents the flagrant washing by the regime of its bloody hands that merely served to anger the people even more," the CPP said.

The CPP lamented the existence of political personalities who were taking advantage of Aquino's death to advance their personal political ambitions. It said these people want to hold down the people's will to fight the regime instead of raising it to a higher level.

CSO: 4200/1589

PHILIPPINES

DAILY BLASTS GOVERNMENT-CONTROLLED MEDIA 'PROPAGANDA'

HK191015 Quezon City ANG PAHAYAGANG MALAYA in English 11 Sep 85 p 4

[Editorial: "Marcos Propaganda"]

[Text] Provided the methodology employed in the Bishops'--Businessmen Conference [BBC] opinion survey was fair and square and the results were not tampered with, the most important lesson that could be derived is that media exert a most tremendous influence on the thinking of the Filipino people--more compelling than most may want to admit.

For if 52 percent of the people believe that Marcos still has the political strength and the credibility to win in the next presidential election, it must be because the public mind has been conditioned by the ceaseless propaganda dished out day in and day out, year after year, by the print and broadcast media.

Controlled by relatives and friends of the First Couple--and dictated to by Malacanang--media outlets have been shamelessly engaged in a brainwashing operation about the virtues of the regime and the good work it has been producing this past 20 years, while glossing over its mistakes and hiding its crimes against truth, justice and freedom.

In other words, the stress on the "true, the good and the beautiful" by the crony newspapers, radio and television has mesmerized the majority of the common people into thinking that Marcos cannot do wrong, that his government is doing its best and that whatever problems face the country are due to forces and factors beyond the control of Marcos.

It is true there is the alternative press, but how big is its readership outside of Metro Manila?

What has been happening in our country all these years is a striking illustration of what Goebbels, the Nazi propaganda minister, used to say that "a lie repeated over and over again is soon taken for the gospel truth."

As everyone familiar with the truth about what is happening in our country verily knows, the lies, the distortions, the manipulations and the half truths of the government-controlled media have been dinned into the people's



consciousness with such consistency that more people--not having access to the real score--have been misled into believing that "black is white."

The propaganda machine of the Marcos regime that is media has succeeded in captivating the people's mind with such a degree of obscene success that unless strong counter efforts are taken by all enlightened Filipinos who are dismayed by the results of the BBC opinion survey, it may be harder to cut out the cancer than anyone can imagine.

CSO: 4200/1589

PHILIPPINES

# SURVEY CONFIRMS PRESS CENSORSHIP IN MANILA

HK100418 Quenzon City ANG PAHAYAGANG MALAYA in English 2 Sep 85 pp 1, 6

[Article: "Editor's Bare OMA's Hand in Censorship"]

[Text] Stories negative or critical about President Marcos and First Lady Imelda Marcos are "mostly banned or discouraged" and the Office of Media Affairs tops sources who try to influence the slant of the news or their outright censorship or non-publication in Manila's newspapers.

Criticisms of top government officials and military officers "are mostly moderated or discouraged", those of publishers and top advertisers "mostly discouraged" and those of major government corporations "mostly moderated."

These were indicated by a survey conducted by a special conference committee of the National Press Club [NPC], results of which were presented before a forum Saturday afternoon at the Bulwagang Plaridel [Plaridel Hall] of the NPC building in Intramuros.

Nine unnamed desk editors from five national newspapers were respondents in the survey entitled "Behind the Blue Pencil" which confirmed that "there is censorship of the major Metro Manila Dailies."

Censorship comes in the form of guidelines handed down to desk editors and through calls from the office of Media Affairs [OMA], the Presidential Press Staff [PPS] and the President himself regarding certain stories that tended to be critical or negative about the President and the First Lady.

Of the nine respondents, only one said there are no guidelines that tended to curtail or influence the news evaluation and that the usual news norms such as timeliness, impact on the public, and political significance, among others are used in new evaluation.

"We are guided by our conscience and are not bound by any interest or power bloc," said one of the respondents. None of them were identified in the survey conducted as part of the celebration of Press Freedom Week which ended last Saturday with calls for vigilance among journalists and a solution to the unsolved killings of 22 print and broadcast journalists since 1979.

At a vigil Saturday night, an effigy of Information Minister Gregorio Cendana, who heads the office of Media Affairs, was burned at the NPC grounds mostly by Malaya staffers, despite protests by the NPC board and NPC President Antonio Ma Nieva.

The effigy was earliest carried atop Ford Fiera during a motorcade of Quezon City journalists en route to Minila where they linked to join up with Intramuros-based newsmen for a torch parade that visited the offices of major news dailies in Intramuros and Port Area.

There were no untoward incidents during the motorcade and the torch parade. Security was provided by several police units detailed by the Western Police District.

Cendana, considered to be the country's "chief mediacensor," had earlier extolled the Philippine media for having "regained its vitality." In his message on the occasion of Press Freedom Week, Cendana declared that "no one can deny that our country's press has regained its vitality. Its plurality of opinion," he said, is self-evident to every newspaper reader."

He said he does not think "anyone need fear about the quality of press freedom in the Philippines," which Cendana added, "is guaranteed not only by the government's appreciation of what a free press can do to help our people attain the better life they aspire to, but by the vigilance and courage of our journalists."

The NPC survey showed that "from the beginning there seemed to be a consensus that there is censorship of newspapers, though specific publications experience this to a lesser or greater degree than others."

To establish the specific forms of blue-pencilling newspapers are subject to and who censors which types of stories. The survey asked the nine respondents 17 questions, including the limits of coverage, who the censors are, the effects of censorship, news evaluation patterns, and means to get around censorship directives.

On the limits of coverage, the survey report said that "four of the respondents from the so-called pro-government newspapers said that their newspaper management had laid down guidelines on which stories can and cannot be printed."

It added that five other respondents answered in the negative, including four from the so-called alternative newspapers.

Some respondents added that while there were "no guidelines laid down on the limits of coverage," these were not made in writing. They said that unwritten guidelines were made known through "oral" or "phoned instructions." Another respondent added that some instructions were made known through memoranda, while a third said, "the limits of coverage were enforced seemingly as a matter of habit among desk editors."

On the frequency of "censorship orders" and the source of "censorship instructions" and how often they exert "influence," only three of the respondents said the question was "not applicable to their situations."

However, the survey report on the other respondents answers showed that "suggestions on the treatment of specific stories are received daily from information minister Gregorio Cendana, in the view of one respondent, or from the secretaries of Minister Canada, the editor-in-chief, and the desk editors, in the perception of two respondents in each case."

It added that "in the view of one respondent, suggestion on news treatment are received at least three to five times a week from either Cendana's secretary, the presidential press staff personnel, private persons or groups, business firms, and public relations agents of private entities."

"Occasional suggestions of the treatment of stories are received from military officers, PR agents of government and military agencies, advertisers, editor-in-chief, publisher, and desk editors themselves, according to two respondents, each in all cases," the survey report said.

According to one respondent, "suggestion on news treatment are also occasionally received from PR agents of private entities and from President Marcos himself."

The survey also revealed that the Office of Media Affairs (OMA) was noted by respondents to have made "more requests than other sources for stories to be either played down (four respondents), or played up, or for certain stories to be killed" (two respondents), and for newspaper desk to relead a story (one respondent).

The presidential press staff was also noted by respondents to have "requested" newspapers to play down or "kill" stories or use their press release, and according to one respondent, to relead the story.

The same survey questionnaire revealed that "President Marcos was also noted to have made requests for the newspaper to play down stories (two respondents) and for a newspaper to use a specific press release, according to another."

One respondent added the First Lady was also noted to have requested the play-up of a story. Also, the respondents were asked to evaluate how specific stories were treated by their respective newspapers.

Among the stories asked to be evaluated by respondents were: the 23 July Tatalon demolition, where four respondents said the story was "played down unduly" on orders of OMA/PPS, two others said [word indistinct] orders were handed down by their editor/publisher, while a third said it was evaluated according to deserved play-up on suggestion of the editor-publisher.

The Press Conference of the National Democratic Front, where four of the respondents replied that the story was "written according to a specified

angle on suggestion of the editorial desks (two respondents), of OMA/PPS and editor-publisher (one respondent each). A third said the story was killed on request of the editor-publisher, while two others said the story was given "deserved play-up" on direction of the editor-publisher.

The AMWORLD Fund Scandal, where five respondents claimed the story was written according to a specified angle on orders of the editorial desk (two respondents), of the editor-publisher (two respondents) and of the OMA/PPS (one respondent). Another respondent said the same story was played down unduly on request of OMA/PPS. While still another respondent said the story was given deserved play-up by the newspaper's editor-publisher.

The impeachment resolution on President Marcos, where seven of the nine respondents said the story was written "according to an angle specified by the OMA/PPS (three respondents), the editor-publisher (three respondents) and the editorial desk (one respondent). According to the survey report, one of the respondents said that the story was written according to a specified angle made known by both OMA/PPS and the editor-publisher, while two other respondents said the story was given deserved play-up.

The hidden wealth" story, where three of the respondents said the story was written to a specified angle on direction of OMA/PPS (two respondents) and of the editor-publisher (one respondent).

Three others claimed the story was played down unduly on orders of OMA/PPS, their editor-publisher, and the editorial desk (one respondent each) while another respondent said the story was killed by his newspaper's editor-publisher. Only two respondents said the story was given deserved play.

--The Philtrust Bank-Caloocan branch robbery, where five said the story was killed on direction of their editors-publishers. Only one said the story was given deserved play-up.

--The Crying Lady's second testimony before the Sandiganbayan, where four respondents said the story was written according to an angle specified by the editorial desk (two respondents), OMA/PPS and editor-publisher (one respondent each). Only two respondents said the story was given deserved play-up, while three had no answer to the question.

Asked to specify why certain newsworthy stories did not appear in their newspapers, the respondents claimed that either their reporters were scooped, four marks; no reporter was on the beat, three marks; problem with deadline schedule or reporter on the beat just relied on press release, two marks; news desk not interested in such stories, one mark. Two of the respondents did not reply to this question.

CSO: 4200/1589

PHILIPPINES

'PEOPLE'S COURT' TRIES MARCOS ON 21 SEPTEMBER

HK121055 Quezon City ANG PAHAYAGANG MALAYA in English 8 Sep 85 pp 1, 3

[Text] A "People's Tribunal" will try President Marcos and his government for "high crimes" against the Filipinos on 21 September, the same date 13 years ago when he imposed martial rule to build a "New Society."

Thousands of Filipinos will be invited to the trial which will be anchored on the charge the Marcoses and close associates invested heavily overseas while the country is sinking deeper into the "quagmire of poverty" and the debt-ridden government is borrowing heavily for survival, the proponents of the "People's Tribunal" said.

Leaders of the PDP-LABAN [Filipino Democratic Party-Lakas ng Bayan], the Bayang Nagkakaisa sa Diwa at Layunin (BANDILA), oppositionists in the parliament and Manindigan yesterday met to discuss the details of the "People's Tribunal."

According to the initial agreement, the "People's Tribunal" will follow established rules of the court, meaning there will be an accused, an accuser and a litigation of the case. The "court" will be composed of judges to be chosen from "Filipinos of the highest reputation" and most likely retired jurists like JBL Reyes and Roberto Concepcion.

The opposition members of parliament who led the failed attempt to impeach President Marcos will act as prosecutors and will draw most of its documents from the impeachment resolution which was killed seven hours after its filing last 13 August, according to the proponents. "The only problem now is who will defend Mr Marcos and his regime," MP Antonio Cuenco of Cebu City, one of the prime authors of the impeachment resolution, was quoted as saying in yesterday's discussions on the "People's Tribunal."

The people's trial, which the proponents expect to gather at least 100,000 people, is apparently the climax of the efforts of anti-Marcos forces "to bring the high crimes of the Marcos regime to the people."

Cuenco and MP Honobono Adaza of Misamis Oriental said the "people will be the ultimate arbiter on the 'crimes' of Mr Marcos and his government against Filipinos."

Opposition MPS, political parties and cause-oriented organizations, capitalizing on the widespread protests triggered by the hidden wealth issue, have distributed copies of the failed resolution to different regions, in some cases, already translated into the major dialects.

A 43 minute documentary on the estates and condominiums supposed to be owned by the Marcoses and close associates in plush districts of the [words indistinct] circulating in Metro Manila and major urban centers and is currently the biggest selling tape of the video cassette industry. This same documentary is being shown in private screenings by opposition leaders in their provincial sorties.

"The documentary on the hidden wealth is more popular than the fancied X-rated video movies," one opposition MP told MALAYA.

A "mock court" was formed in Zamboanga late last year and found the Marcos government guilty of several crimes against the Filipinos. But this was without the formalities the "People's Tribunal" will be draped with on 21 September.

It was during the martial law years that the bulk of the dollars used to finance the overseas investments was stashed, according to the oppositionists. The martial law period also dealt the "greatest blows" to the freedoms and economic opportunities of the Filipinos, they said.

CSO: 4200/1589

PHILIPPINES

EDITORIAL CITES SENIOR JUSTICES ON SUPREME COURT IMPOTENT

HK231206 Quezon City ANG PAHAYAGANG MALAYA in English 17 Sep 85 p 4

[Editorial: "SC [Supreme Court] Impotent"]

[Text] Pious claims of the Marcos regime that civilian authority is supreme in our country, now that martial rule has ended, are nothing but unabashed and unadulterated hogwash.

This was the theme of Senior Associate Justice Claudio Teehankee of the Supreme Court when he keynoted the induction program of the Pasay City Lawyers Association last Saturday night.

The No. 1 champion of civil and human rights in the judiciary, who would rather stick to his conscience than become Chief Justice, minced no words in asserting that the Armed Forces of the Philippines is making a mockery of the constitutional guarantee that "civilian authority is superior over the military" by detaining three human rights lawyers charged with subversion in Davao City--Laurente Ilagan, Antonio Arellano and Marcos Risonar, Jr.--despite an order of the Supreme Court for thier immediate release.

The senior associate justice said that when the detained human rights lawyers presented the High Court order for thier release, Brigadier General Dionisio P. Tan-Gatue, Regional Command XI chief, said he will not release the detained lawyers "until so ordered by my Commander-in-Chief." Until now, the Commander-in-Chief has refused to honor the High Tribunal's decision.

This same observation about the superiority of the military in our country today was made recently by Chief Justice Felix Makasiar himself when he said, with disarming candor, that the Supreme Court has neither power nor means to enforce its decisions.

In short, whatever the decision of the Supreme Court may be, implementation fully and entirely depends upon the Commander-in-Chief, His Excellency, the President.

If this unhappy setup is not a dictatorship, where the ruler has the final say in executive, legislative and judicial matters, whose word is law, and



who exercises the power of life and death over any one, then we don't know what the word means.

If the Supreme Court is really impotent, as Chief Justice Makasiar has admitted in all truth, why doesn't he and the 14 justices of the court of courts resign, if only to preserve their self-respect and their dignity?

CSO: 4200/1589

17 October 1985

## PHILIPPINES

## COLUMNIST ON MARCOS CONTROL OF NATIONAL BUDGET

HK191031 Quezon City ANG PAHAYAGANG MALAYA in English 10 Sep 85 p 4

["Town Crier" column by Vice Barranco: "Serious Matter"]

[Text] Government fiscal and financial affairs are a serious matter which should never be taken lightly by any public official. One such matter that requires the most serious consideration by true and dedicated leaders is the national budget. Decent and civilized leaders of orderly societies like those of Malaysia, Singapore, Korea, and Japan in our region, let alone those of the United States, Britain, France, and Germany, treat their budgetary tasks in the manner and spirit of how they obey the Lord's Commandments.

In the Philippines, under the now overtime regime of Mr Ferdinand Marcos who insists that he enjoys world respect for his kind of absolute authoritarian system, the budget is regarded merely as a plaything to be handled without care.

For next year, 1986, the 21st year marking Marcos occupancy of Malacanang, a super bulky national appropriation of P [peso] 92.6 billion has been "recommended" by Mr Marcos for approval by the Batasan Pambansa. This breathtaking estimate of the 1986 expenditures shows a big jump of approximately P25.28 billion from the general appropriation this year, which is P67,325,000,000(B).

Marcos is so cocksure of approval of the proposed 1986 sum for his profligate martial law regime by the rubber stamp KBL [Kilusang Bagong Lipunan] Batasan Pambansa, that he sent Cesar Virata, Prime Minister and Minister of Finance, immediately out of the country after Virata had finished the budgetary estimates. Virata is not needed in Manila to explain, defend and justify the the gargantuan expenditures to his peers in the Assembly during this critical session which was to tackle the 1986 budget. Any attempt of the opposition to scrutinize the budget will just be laughed off by the KBL and Mr Marcos. The money is now practically in the bag. It was assured of a snap approval days before Virata left for the United States to panhandle for budget loans and other loans that Marcos wants very badly.

The KBL and the electorate are in for a helluvah good time in the coming snap election for a snap victory. How much of the P92,200,000,000 will go down the drains in the Bacchanalia of vote-buying, poll frauds, the charivari of KBL propaganda, accompanied by widespread malfeasance in public offices and malversation galore of public funds in the activities that are all geared to insure continuance in office of Mr Marcos and Imelda in their most critical election bid that will spell doom or life of totalitarian government versus democracy in this country?

For this year, 1985, the Marcos government had an appropriation of P67 billion. Half of this amount, or P33.5 billion, is in the regular budget itemized among the ministries and special agencies, with the Armed Forces of the Philippines (Ministry of National Defense) getting the lion's share of P7.8 billion plus a big sum of yearly U.S. aid under the bases agreement, military assistance and mutual defense pacts.

Half of the present budget, amounting to P33.7 billion, is a standby fund, at the disposal only of Mr Marcos, including calamity fund, debt service funds, shortage coverage fund, etc.

Under the 1986 national appropriation act (budget), Mr Marcos, as usual, has the power to transfer funds from one ministry to another, from one standby lump sum fund to any ministry in the regular budget. There is, to boot, no auditing, accounting or comptrolling of funds, and checking of where funds have been diverted. At least the public is kept in the dark. Since this is the case, what is the use of itemizing the P92.6 billion among the 27 ministries, agencies, offices, of the government? What is the purpose of going into such details, when Marcos can transfer funds from one ministry to another, from one office to another, with immunity and impunity? He can use his powers under Amendment No. 6, if he has to resort to them. In other words, Mr Marcos could have just sent a one line budget message instead of 300 pages, to the Batasan: You are hereby enjoined to appropriate P92.6 for the expenses of my government in 1986.

CSO: 4200/1589

PHILIPPINES

GOVERNMENT TO PROVIDE MORE FUNDS FOR DEVELOPMENT BANK

HK110717 Quezon City ANG PAHAYAGANG MALAYA in English 3 Sep 85 p 6

[Text] The government plans to put this year an additional P9.5 billion into the bankrupt Development Bank of the Philippines [DBP], bringing to a staggering P21 billion the amount of government money spent on the bank since 1984.

Documents gathered by Malaya show the money will come from a variety of sources, each outside of normal government budgetary items.

Among the major fund sources are the national government, the national treasury and the Social Security System [SSS].

The national government's contribution will be in the form of "advances," that of the treasury's "short-term placements" and that of SSS, both short-term and long-term investments in DP bonds.

The Central Bank [CB], which previously was the main source of low-cost DBP money, will not be tapped this time as the International Monetary Fund is keeping a close watch on CB advances to the banking system.

Monetary officials have not yet decided on the actual mix of funding from the three main sources. Of these, however, advances from the national government and placements from the treasury are the least expensive. These are virtually interest-free deposits.

SSS money is more expensive as its charter requires it to earn at least a 9 percent yearly on invested funds. Current SSS investments into DBP, placed at over P12 billion, are said to be earning over 15 percent.

Despite the promised massive funding, DBP officials doubt the institution could go on operating as it is presently organized. This year's assistance, they pointed out, is strictly speaking, borrowings that have to be treated as such in the books. The money has to be repaid eventually.

The officials said DBP, to be successfully rehabilitated, has to start with a clean slate.

Chairman Cesar Zalamea said DBP has proposed that another government corporation be organized to take over an estimated P35 million worth of non-earning properties.

PHILIPPINES

CENTRAL BANK UNABLE TO RESCUE ALL DISTRESSED BANKS

HK121121 Quezon City ANG PAHAYAGANG MALAYA in English 9 Sep 85 p 7

[By Dennis Fetalino]

[Text] The Central Bank [CB] needs broader powers to identify distressed banks and thus, move more decisively to forestall bank collapses, according to a top CB official.

CB Senior Deputy Governor Gabriel Singson said yesterday monetary officials are having difficulties keeping tabs of individual banking units facing serious financial straits of collapse because the law allows CB auditors only once a year to go over banks' records and examine their books.

Singson said in "Interaction," a television talk show, that while the Central Banking Act stipulates that monetary authorities may look over the banks' books once a year, "dissipation" of the banks' resources by unscrupulous officials can happen in a week's or a month's time. This makes it difficult for the CB and monetary authorities to detect and avert possible looting and other abuses by bank officials such as diversion of funds for their personal interests, he said.

The CB also cannot make public any move or plan which would involve the closure or liquidation of a bank prior to its actual implementation as this would trigger rather than prevent a run on the bank, he said. Singson said bank runs may spill over to other banks and thus precipitate a banking crisis.

Singson instead called on depositors and other investors to keep their eyes on published statements and conditions of top commercial banks. Singson, who is also chief legal counsel of the CB, outlined procedures which monetary officials must follow in going after distressed financial institutions, including non-banks with quasi-banking functions (investment houses).

Under the law, the CB closes a bank only for two reasons--when it has become insolvent, that is, it is no longer able to meet its obligations or its continued stay in business would involve probably losses to depositors and clients. Despite the limitations of the law, the CB has prosecuted a number of bank officials.

"At present, there are 46 criminal cases pending in different courts, 52 cases before fiscal's offices and the Ministry of Justice, and 55 other cases currently under investigation," Singson said. Already, he added, the CB has scored around seven convictions involving bank officials accused of either estafa or falsification of commercial documents. Singson also added it is not easy to increase the insurance coverage offered by the Philippine Deposit Insurance Corp. [PDIC], a CB-attached agency tasked which covers deposit risks.

He said an increase in the PDIC coverage from a ceiling of P40,000 per depositor to around P60,000 and P80,000 or even as high as P100,000, may require the consent of the national government as this involves increasing in budget allocations for PDIC.

Singson said big and strong banks feel they would be subsidizing small and weak banks in an event of increasing PDIC premiums.

On the Banco Filipino [BC] case, Singson said that the Supreme Court resolution favoring Banco Filipino is "an interlocutory order" which merely directs the CB to conduct hearings where BC would be given the chance to explain their side or dispute the CB action closing the bank and liquidating it.

Singson would not elaborate, claiming that doing so might preempt the judicial process.

CSO: 4200/1589

PHILIPPINES

STATISTICS SHOW CENTRAL LUZON TOP RICE PRODUCER

HK110709 Quezon City ANG PAHAYAGANG MALAYA in English 4 Sep 85 p 7

[Text] Central Luzon regained its lost prestige as the country's rice granary in crop year 1984-1985 when it replaced Western Visayas as top rice producer.

Government statistics show that in crop year ended last June, Central Luzon accounted for 17.25 percent of 28.3 million cavans of the country's total production of 164 million cavans. The region registered a 19.33 percent production increase over the previous year's 23.7 million cavans.

Cagayan Valley, showing the most impressive production uptrend of 40 percent, jumped from fourth producer in the previous crop year to second place in the last crop year when it produced 20.78 million cavans or 12.67 percent of total production.

Western Visayas, plagued with a series of typhoons during the main season and inadequate moisture and rat infestation during the dry season, suffered a 13.62 percent production decline, producing only 20.6 million cavans and accounting for 12.56 percent of national output.

Southern Tagalog which managed a 6.33 percent output markup was fourth producer for a volume of 18.3 million cavans or 11.17 percent of production.

The national average yield per hectare showed a 1.95 percent increase over crop year 1983-84. Production averaged 50.90 cavans or 2.5 metric tons in crop year 1984-85 compared to only 49.93 cavans per hectare the previous year.

Central Mindanao proved to be most productive in terms of yield, recording a high average performance of 64.48 cavans per hectare, or a 12.39 percent improvement over the previous year's average yield of only 57.37 cavans. Southern Tagalog ranked next in yield performance, producing an average of 62-96 cavans per hectare or a 6.20 percent improvement over last year's 59.28 cavans average.

Southern Mindanao placed third in yield performance, producing an average of 62.31 cavans per hectare or 0.52 percent higher than the previous year's 61.99 cavans.

Lowest yield was recorded in Central Visayas which was also the country's lowest rice producer at an average of only 27.70 cavans per hectare, 13.06 percent lower than the previous years average yield of 31.86 cavans per hectare.

In general, last crop year's production was 4.6 percent higher than the previous year's output of only 156.8 million cavans.

CSO: 4200/1589



PHILIPPINES

FARMERS PLAN STRIKE FOR 21 OCTOBER

HK121013 Quezon City ANG PAHAYAGANG MALAYA in English 6 Sep 85 p 9

[By Edgar Cadagat]

[Text] Bacolod City--Organized farmers from all over the country, under the Kilusang Magbubukid Sa Pilipinas (KMP) [Peasants' Movement of the Philippines] have finalized plans for the staging of a crippling strike that will be launched on 21 October.

The "Kampanya ng Magsasaka laban sa Kahirapan at Kagutuman" [Farmers' Campaign Against Poverty and Hunger] is expected to last until December and will be participated by half a million farmers. Another two million farmers are expected to support the strike. The date of the coordinated strike was decided last 2 September during a press conference sponsored by the KMP at the St. Clement's Retreat House in Iloilo City shortly after a three-day congress which led to the formation of the KMP-VISAYAS.

Militant farmers' organizations from all over the Visayas, which sent representatives were the Small Farmers' Association in Negros (SFAN), Kahublagan sang mga Mamumugon sa Isla sang Panay (KAMI-PA) [Peasants' Movement on Panay Island], Alyansa ng Samahang Magsasaka sa Samar ALSAMASA) [Alliance of Samar Farmers' Groups], Hugpong sa Mag-uuma sa Bohol-Anon (HUMABOL) [Bohol Farmers' Movement], Kapunungan alang sa Ugma sa mga Gagmay nga Mag-uuma sa Oriental Negros (KAUGMAON) [Movement for the Future of Small-scale Workers in Oriental Negros], Panag-Alyansa sa Mag-uuma sa Sugbu [Alliance of Cebu and Leyte Farmers' Association] and the Leyte Farmers Association.

Representing the Luzon farmers was Jimmy Tadeo, chairman of the Alyansa ng sa Gitnang Luzon (AMGL) [Central Luzon Farmers' Alliance].

Newly elected KMP-VISAYAS chairman Bobby Propongo said that a total of 75,000 farmers are members of the Visayas-KMP. Another 150,000 are also influenced by the organization, he said.

Malaya gathered from the panel of KMP officials including KMP national chairman Jimmy Tadeo, Propongo and Catalino Ordinario Jr., KMP-VISAYAS secretary-general that a series of concerted mass actions will be staged by farmers all over the country. These will include petitions, marches and

rallies and the so-called "Kampo ng Bayan," [National Camp] which will be held this month.

Activities will culminate in the 21 October farmers' strike called "Arawng Protesta ng Magsasaka" [Farmers' Protest Day] which is expected to bring to the attention of the government the sad plight of Filipino farmers.

The farmers' strike will take the form of work stoppages in the case of coconut farmers and workers; and a stoppage of all trading activities by farmers. Rice from the farmlands will not be sold to unscrupulous traders, who profit the biggest from the local domestic rice trading business.

The KMP panel headed by Propongo, Tadeo and Ordinario earlier lambasted what they called the systematic exploitation of farmers by foreign multinational companies through the institutionalized help of the International Rice Research Institute (IRRI).

Tadeo said that the IRRI has developed the so-called high yielding varieties (HYVS), which require a big amount of synthetic fertilizer produced by multinationals.

Propongo added that a Japanese-made pesticide which was widely promoted has led to the deaths by poisoning of many work animals. The use and the consequent death of the work animals was so programmed that Japanese-made hand tractors have replaced the work animals.

Another serious problem pointed out by the panel was the widespread and intensified militarization all over the country, of which the majority of those victimized were farmers.

Other KMP VISAYAS officers elected were: Catalino Ordinario Jr, secretary general; Valeriano Caro, vice-chairman; Fr. Carlos Salazar, treasurer; Marcelina Arellano, auditor; Attorney Niel San Guillerma Planillo, vice-chairman for East Visayas; and Rene Rombo, vice-chairman for Western Visayas.

CSO: 4200/1589

17 October 1985

## PHILIPPINES

## EDITORIAL CRITICIZES MARCOS' HAND IN FLOUR INDUSTRY

HK191033 Quezon City ANG PAHAYAGANG MALAYA in English 11 Sep 85 p 4

[Editorial: "Suspicious Move"]

[Text] Something smells in the latest move by President Marcos transferring the P [peso] 3-billion flour industry to the Philippine Federation of Bankers' Associations Inc (PFBAI). One would not see anything sinister in the presidential order at first blush.

However, when one considers the personages involved and the unstated but obvious motives, one does not wonder anymore why the President acted as he did.

The National Food Authority [NFA] has been doing the importation of wheat all these years, and though some knowledgeable quarters claimed that its performance was often not up to par, the sudden transfer of the import authority caught industry circles by surprise, notably the Philippine Association of Flour Millers, Inc (PAFMIL). And this is where the ugly hand of politics comes in.

The PAFMIL, for refreshers, has under its broad umbrella 8 mills of which Republic Flour Mills is one of the biggest and most important and influential members. It is the admitted flagship of Mr Jose Concepcion, a moderate government critic who heads the widely-acclaimed National Citizens' Movement for Free Election (NAMFREL). If one still recalls the performance of NAMFREL in the last elections, which assured at least an honest count in most places, the pieces of the puzzle begin to fall into place.

In layman's terms, Mr Concepcion put it succinctly thus: "We (millers) may be forced to close shop if the bakers opt to import flour instead of wheat." As a sop for the hurt feelings of the millers, every business nowadays which are not smiled upon with favor by the Gods usually close shop. Never mind if the millers had poured in some P1.5 billion into the industry; what is of paramount importance is to toe the line, the regime's, that is.

What makes the president's order more open to suspicion was the fact that if contravened and superseded a directive issued before by Prime Minister Cesar Virata which gave the flour trade to PAFMIL by allowing it a P3-billion trade facility usually availed of by the NFA.

The sudden change of the presidential mind is another indication that things in this country are perfectly under the control of one man, or, to put it another way, one couple.

There is no doubt that businessman Eduardo Cojuangco Jr is a happy man these days. His bank has been tapped to fund the PFBAI imports since he is "helping" the group.

And this simply goes to prove that politics is still the No. 1 business in this country.

CSO: 4200/1589

PHILIPPINES

MALAYA EDITORIAL ON MISCONDUCT BY ARMY PERSONNEL

HK191011 Quezon City ANG PAHAYAGANG MALAYA in English 10 Sep 85 p 4

[Editorial: "So What's New?"]

[Text] If it's not one thing, it's another.

The phrase could be on its way to becoming a respectable adage in the military where abusive soldiers and their criminal and paranoid bent would surface at every conceivable turn to embarrass the establishment. From reports of beheadings, tortures, bank and highway robberies, drunkenness on duty, patent abuse and what-have-you, one could name every violation in the book--and even outside it--and chances are some paranoidal member of the military has done it.

The latest of this shenanigans in the army is the reported sale of the so-called "mission order" to civilians who like to sport a pistol in their waist for bullying the law-abiding citizens. This came to the surface when an actor of sorts was arrested last week for illegal possession of firearms. Forthwith he presented a "mission order" which purportedly identifies him as a civilian agent of a Philippine Constabulary [PC] command with authority to carry a pistol outside his residence. The command immediately denied, however, that it had issued such "order" to civilians and therefore, the papers must be fake.

But there are insiders who revealed in a talk with MALAYA that there are soldiers, especially those engaged in intelligence operations, who sell mission orders to civilians, at a price ranging from P [peso] 10,000-P15,000 and in some cases, for a higher figure. These mission orders are then used to victimize rich Chinese businessmen under threat of blackmail for some imagined infraction of the law. In another tack, these same businessmen buy these papers for their own people's use to protect their properties and cargo, notably during delivery. Any which way, mission orders sell fast and with a little arm-twisting to clinch the sale, some unscrupulous people in the command must have made a good amount of money from ogwl operation, depending on how long it has been going.

Higher command officers were quick to deny the authenticity of their signatures on the orders. Although we must take their statement at face

value, one cannot deny that it is quite easy to issue denials, at the same time that it is the most natural thing to do for a person under accusation.

Acting AFP [Armed Forces of the Philippines] Chief of Staff and PC head General Fidel V. Ramos must really have his hands full, not only from fighting a near full-scale rebellion from the New People's Army and other insurgents, but also from some people in the force who continue to give the AFP image a black eye.

CSO: 4200/1589

PHILIPPINES

RESOLUTION FILED ON U.S. CITIZENSHIP

HK121105 Quezon City ANG PAHAYAGANG MALAYA in English 8 Sep 85 p 2

[Text] Are Filipinos born after 10 December 1898 and before 4 July 1946 nationals of the United States?

Many would like to know the answer to this intriguing question, prompting opposition Member of Parliament Roy Padilla to recently file a resolution asking the Batasan Pambansa to conduct studies on the matter.

In Resolution 611, the solon from Camarines Norte took into account a suit filed by California-based lawyer Elly Velez Pamatong who claimed that Filipinos born during this period, including their children, were and are still U.S. nationals. Padilla noted the Philippines was ceded by Spain to the United States under the Treaty of Paris signed on 10 December 1898.

"Filipinos were recognized as U.S. nationals by law during the Commonwealth (1898-1946) until independence was granted to the Philippines on 4 July 1946 when such nationality was automatically revoked," he said.

Citing Pamatong's argument that the United States failed to hold a plebiscite to let Filipinos decide whether or not to retain their allegiance to the United States as American nationals, Padilla called for a study to thresh out the legal matter. Padilla said representations with the U.S. government to recognize Filipinos born between 1898 to 1946 as Americans should be made if Pamatong's claims should be found to be meritorious. Meanwhile, a press statement from Pamatong said two separate hearings have been set in northern California on the U.S. nationality case he filed.

Pamatong said he earlier asked Senator Edward Kennedy of Massachusetts to file a bill in the U.S. Congress to support his case. Pamatong said he is also planning to raise his case before the United Nations General Assembly, which will convene again in October.

CSO: 4200/1589

PHILIPPINES

BRIEFS

MARCOS PREDICTS KBL VICTORY--President Marcos says the opposition will be lucky if it gets 10 percent of the votes in the coming election. He expressed confidence the KBL [Kilusang Bagong Lipunan] will win overwhelmingly in both the 1986 local election and the presidential poll in 1987. The chief executive based his optimism on the survey of the comparative strength of the KBL and the opposition which was submitted to the KBL caucus yesterday. [Begin Marcos recording] As of now, the opposition will be lucky if they got 10 percent of the whole [words indistinct]. [applause] As you very well know, the [words indistinct] 1,550 mayors [words indistinct]. (The survey) indicates that they may not be able to get 100 out of the 1,550 mayors. [end recording] [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 13 Sep 85 HK]

GOLD PRODUCTION--Manila, 25 September (AFP)--Philippine gold production totaled 12,707 kilograms (27,956 pounds) in the first half of 1985, an industry association said today. The Chamber of Mines of the Philippines said the total was 4.76 percent higher than production for the same period last year. The chamber said production rose in anticipation of improved gold prices in the world market. [Text] [Hong Kong AFP in English 0344 GMT 25 Sep 85 HK]

VER ADDRESSES GROUP--Presidential assistant and loyalist for Marcos, National Chairman Victor Nituyda has initiated the revival of Friends of Marcos, a movement supporting the leadership of the president. In a meeting at Malacanang Park last 10 September, the eve of the chief executive's birthday, the group renewed their pledge of allegiance and all-out support for the leadership of the president. At the same time the group also expressed the hope that Gen Ver, armed forces chief of staff on leave and the occasion's guest speaker, would soon be cleared of the charges against him before the Tanodbayan. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 12 Sep 85 HK]

CSO: 4200/1589



MILITARY AFFAIRS AND PUBLIC SECURITY

EFFECTS OF NEW PRICE, WAGES, MONEY POLICY DISCUSSED

Hanoi HANOI MOI in Vietnamese 13 Aug 85 p 2

[Article by Dr Luong Thi Ngoc Thai, of the Hanoi Population and Family Planning Commission: "Price-Wage-Money Policy and Population and Family Planning"]

[Text] Hanoi has converted the portion of wage paid in kind into cash in the payment of wages for cadres, workers and employees. This was a first step in the implementation of Resolution No 8 of the CPV Central Committee relative to price, wages and money. In the process, irrationalities of the old system of centralized, bureaucratic and overbearing management were exposed. In terms of population and family planning work, we think its objectives are in conformance with the spirit of Resolution No 8. In other words, the execution of Resolution No 8 creates fundamental advantages for population and family planning work. Well-done population and family planning work will be one of the basic conditions for a better adaptation of each family, organization, enterprise, collective unit as well as population area to the new management structure. The work will bring population development in harmony with the development of the economy and of social structures.

Much has been said about irrationalities of the old centralized, bureaucratic and overbearing system which were uncovered when the in-kind wage portion was converted into cash. Some stemmed from the lack of birth control such as:

--An orderly with many children could have been paid a higher salary than the chief executive officer.

--Two workers of the same sector, occupation and category had big discrepancies in wages earned because of difference in the numbers of children.

--Not a few enterprises and cooperatives which had been very successful in completing their production plans and in making a profit, when reverting to payment of wages in cash and charging them to product cost, realized that they were in the red, or had to raise the cost substantially. The chief cause of this was the quite large numbers of workers and cadres on the pay-rolls who received family subventions for many children.

--In its decision pertaining to family subventions, the city people's committee, therefore, stipulated that each couple of cadre, worker and employee can

be paid for only a maximum of two children, and that the third child's subvention is substantially less than that of the first two. We know that certain provinces in the south went as far as curtailing all price subsidies for the third child thereafter, and that indigent families with large numbers of children had to submit an application for extra aid and their requests were reviewed the same way as in any other needy case.

Likewise, regulations and procedures pertaining to rewards and penalties instituted by many organizations and localities to encourage birth control were tailored in the same context. They urged women to give birth after age 22, only to one to two children with a gap of 5 years or more in between. They penalized women for giving birth to a third child, or for becoming a mother too young or too often. At first, many people questioned or protested those regulations and procedures. However, after the latter were discussed and approved by worker-employee conferences and by councils of collective farmers or by village people's councils, they were carried out. Nowadays, in light of Resolution No 8 of the CPV Central Committee, we can realize their correctness.

Likewise, the newest draft of the Hanoi People's Committee presented at the city people's council in early July, in Article 4, Item 11, also stipulated certain penalties for those who give birth to the third child. It established family planning as a prerequisite for being recruited into organizations and also determined that a family must have only two children in order to be eligible for public housing or to obtain a land grant for residential building. For these reasons, family planning advocacy was stepped up. In the newest plan of the Population and Family Planning Commission, to boost family planning activities in the immediate future, the three following objectives were retained: no birth before age 22, no prolific births, and especially no more than two children.

Campaigning against births at too early an age was assigned to various levels of youth unions: campaigning against prolific births was assigned to the Women's Federation and the Trade Union Federation and campaigning against more than three children, was assigned to unit leaders of agencies and units, and to the chiefs of precinct and village leadership committees.

There is no doubt that plant and enterprise management must realize more than anybody else that raising productivity and reducing cost bring about tangible advantages and are the conditions for their survival. In order to achieve the above, one of the fundamental conditions is family planning.

We can see now that Resolution No 8 of the CPV Central Committee on price, wages and money created favorable conditions for population and family planning work. Restricting families to have only one or two children, which so far has been only a mobilization motto, has actually and gradually become a state economic policy. The restriction was realistically and concretely reflected in price-wages-money regulations of which the conversion of in-kind payment of wages into cash payment was but an initial step toward a more scientific and rational improvement of the wage system.

PARTY ACTIVITIES AND GOVERNMENT

VIETNAM

CPV RESOLUTION ON INTENSIFICATION OF YOUTH WORK

Hanoi TIEN PHONG in Vietnamese 16-22 Jul 85 pp 2, 3, 11

[Text of CPV Central Committee Political Bureau Resolution No 26 on 4 July 1985, on the need to strengthen party guidance in youth work; passages within slantlines printed in boldface]

[Text] Mobilizing the youth is a highly important political task of the party. To carry out the youth work satisfactorily is to ensure the continuity of our system and its incessant development as well as the present existence and bright future of the Vietnamese nation. Throughout all revolutionary stages, our party and the great Uncle Ho always considered youth work important, took care of the young generation and educated and motivated them to struggle eagerly to make an important contribution to the glorious historic victories of our country.

At present, our country is in the first phase of transition to socialism so that the struggle between two roads to solve the "who will vanquish whom" question is being waged bitterly. Though living in peacetime, our country has to cope with the manifold war of destruction waged by the Beijing expansionist hegemonists in collusion with U.S. imperialism and other reactionary forces. Throughout the world, a fierce struggle is taking place between two systems--socialist and capitalist--and between three revolutionary currents and warlike and reactionary imperialism. The enemy is trying to lure and poison the youth.

The situation and revolutionary mission require our party to strengthen guidance for the youth work.

I. The Situation Among Youth and Youth Work

Today our youths are growing up during a great historic epoch of our nation; trained and improved by the party and new system, they have developed the nation's traditional heroism, made brilliant contributions and matured quickly.

On the /national defense and security/ front, group after group of cadres, youth union members and young people have displayed great valor and persistence in combat, surmounted all difficulties and hardships, vanquished

all enemies, firmly defended the socialist fatherland, maintained political security and social order and security, and enthusiastically performed their noble international duties.

On the /productive labor/ and national construction front, inspired by the "young people are present wherever they are needed and whenever the job is difficult" spirit, tens of millions of youth union members and young people are taking the lead in socialist construction and transformation. Progressive collectives and individuals are developing in ever-increasing numbers.

On the /cultural, educational, scientific and technical/ front, many young people have enthusiastically participated in building a new lifestyle, culture and man. The youths in schools have overcome numerous difficulties and tried to perform "good teaching and study" and to build socialist schools. The cultural, scientific and technical standard of knowledge of today's young generation has been raised a further step. Many talented youths working in the scientific, technical, cultural and artistic domains have helped win fame for our fatherland.

Many examples symbolic of the revolutionary heroism of the Vietnamese young generation have appeared in all domains and even in the task of building socialism and defending the socialist fatherland.

The Ho Chi Minh Communist Youth Union has exerted efforts to organize, educate and motivate young people to eagerly emulate in performing two strategic missions. Progress has been made in the form and method of mobilizing the youth. The party has highly valued and extolled the contributions and achievements of the young people and HCMCYM.

However, on entering the new revolutionary stage of our country, in view of the new situation and mission and beside basic strengths, young people are still showing the following weaknesses:

Generally speaking, the youth's level of socialist enlightenment is still low and their sense of responsibility and concept of organization and discipline are still deficient. Many of them cannot yet correctly determine an ideal and goal for their struggle; their concept of collective ownership of society and self-mastery is still inadequate; with their vague idea about the struggle between two roads, they still vacillate before the impending difficulties of the country, do not yet believe firmly in the revolutionary ideal and have allowed their spirit or struggle to wane. Some of them have evaded their obligations to the fatherland, lazily performed labor and study, become superstitious, adopted a pragmatic, selfish, free-wheeling and libertine way of life, and violated state law.

Youth union organizations at the grassroots level are still weak and have a scarce and unqualified membership. Many youths have not yet been recruited into the Youth Federation organizations. The contingent of union cadres is still insufficient and weak and has not yet been properly selected and trained. The theme and form of the task and working method of the union have been updated slowly so that administrative bureaucracy is still prevalent.

These weaknesses have objective causes. For example, while trying to overcome the aftermath of a protracted war, our country has had to cope with the manifold war of destruction waged by the Chinese expansionist hegemonists acting in collusion with U.S. imperialism; our country's economy is still faced with great difficulties and suffering serious imbalance; ideological and cultural vestiges of the former society have not yet been completely wiped out; and the enemy is trying to lure and poison our youth in an attempt to carry out his basic, long-term scheme. But the principal cause is the numerous shortcomings which are afflicting our socioeconomic management and organizational and ideological tasks. Many party committees and the administration at various echelons have not yet fully understood the strategic importance of youth mobilization and have, therefore, neglected and slackened this task and are no longer vigilant against the enemy. Because of their low sense of responsibility and their narrowminded attitude, many cadres and party members have wrongly assessed the youth's nature, often noticed only the weakness of some young people and have neither considered it important to develop the youth's creativeness nor tried to meet their need for wholesome development. The party has not yet properly guided work assignment and coordination among various organizations in the proletarian dictatorial system in order to take care of and improve the young generation nor has it fully developed the political role of youth union organizations. Many state agencies have paid attention merely to mobilizing and using the youth while neglecting their training and improvement. Degenerate and deviant cadres and party members together with the irresponsibility of many families have reflected badly on the education of youths, teenagers and children.

## II. Direction and Objective of the Youth Work and Youth Motivating Method

### 1. Direction of Youth Work

The direct and overall leadership of the party must be strengthened and the responsibility of the proletarian dictatorial system for the youth work elevated.

It is necessary to heighten the youth's patriotism and their level of socialist enlightenment and to boost their revolutionary ideals in order to enable them to correctly understand the struggle between the capitalist and socialist roads and between the enemy and us. It is necessary to instill revolutionary ethics and a wholesome lifestyle into young people, to raise their cultural, scientific and technical standards, to improve their physical strength and to develop their creativeness.

It is necessary to step up the youth movement to exercise collective ownership, to act as shock troops to perform successfully two strategic missions and three revolutions, and to stand ready "to go anywhere and do anything for the sake of the socialist fatherland and the people's happiness."

A stable and strong HCHCYM must be built and its political role brought into play; all young people must be extensively introduced into revolutionary organizations and various forms of social activity suitable to the youth.

Labor, combat, study and social activities must be used as opportunities to provide elementary and advanced training to transform our country's young generation into new socialist men to faithfully and brilliantly continue the revolutionary cause of the party and nation.

## 2. Objective of Youth Work

/a. To inculcate the revolutionary ideal and ethics into the young generation and improve their spirit of and capacity for collective ownership./

The communist ideal, the Marxist-Leninist world outlook and socialist patriotism together with proletarian internationalism and the good traditions of the nation and party must be inculcated into young people to enable them to deeply understand the revolutionary line and mission, to define correctly and clearly the struggle ideal, the spirit of socialist collective ownership and the youth's responsibility for the revolutionary cause of the country, and to realize clearly that the youth's happiness and aspirations are closely linked to the entire people's happiness and the country's future. Young people must be taught to "live, fight, work and study following the great Uncle Ho's example."

Education and advanced training must be provided for young people to endow them with a sufficient cultural, political, scientific, technical, working and professional standard and with a knowledge of socioeconomic management and to turn them into new laborers with technique, discipline and high labor productivity.

It is necessary to develop the pure and wholesome socialist lifestyle among young people, to induce them to love work and progress, to observe discipline and law, to achieve self-respect and self-mastery, to display loyalty, modesty and simplicity, to correctly resolve familial, social and friendly relationships as well as those involved in love and comradeship, and to struggle valiantly to abolish backward and depraved ways of life.

/b. A seething and broad revolutionary action movement must be launched among the youth./

/On the economic front/:

It is necessary to motivate young people to successfully implement the party line on socialist economic construction. Under party leadership, our people are carrying out simultaneously three revolutions--scientific-technical, ideological, and cultural. With the zeal and sensitivity proper to their age, young people must take the lead in these three revolutions. It is necessary to develop the active role of the youth union, to support all

initiatives taken by young people participating in economic management improvement, to overcome bureaucratic centralism and state subsidy, to shift completely to economic accounting and socialist business methods, to display scientific and technical creativeness and to introduce scientific and technical advances into production in order to achieve high labor productivity, product quality and economic effectiveness.

Young people--especially those in rural areas--must concentrate efforts to step up agricultural, especially grain production; they must take the lead in intensive cultivation, multicropping, cultivated area expansion and overall development of agriculture; they must complete agricultural transformation in South Vietnam, consolidate and perfect socialist production relationships throughout the country and try to build material and technical bases and to apply scientific and technical advances among production collectives and agricultural cooperatives. It is necessary to develop the active spirit and role of the youth to build 400 districts into socialist fortresses, to create a rational agroindustrial economic structure, to combine economy with national defense and security and with cultural and social activities, and to build the new socialist rural areas. Young people must take the lead in labor redistribution and production reorganization on the national scale. Assault youth formations must be broadened to recruit millions of young people to go to build new economic zones in the Central Highlands, eastern Nam Bo, the Mekong delta and northern mountain regions, to extend arable areas toward the sea and to create vast special cultivation zones.

In the field of industrial production, young people must uphold self-sufficiency and self-reliance, overcome difficulties, intensify the labor emulation movement for production and thrift, take the initiative, make inventions, apply scientific and technical advances and successfully fulfill the state plan. In particular, the youth's assault role must be brought into play in important economic sectors such as electricity, coal, oil and natural gas, engineering, chemicals, capital construction, communications and transportation. Youth units must be set up to assume new and difficult tasks in production while other forms must be organized, such as communist youth construction units and youth production, vehicle and mechanical teams and units. Young people must be encouraged to participate in developing small industry, handicrafts, service activities and household economy.

Young people must act as an assault force on the distribution and circulation front to expand socialist commerce, to master the market and to transform private trade through diversified and effective measures. Young employees of state stores must be taught to render service wholeheartedly and faithfully and with equity and a civilized commercial attitude. The number of model shops manned by young people must increase. Firm struggle must be waged against such evils as authoritarianism, corruption, underhand dealings, speculation and smuggling.

/On the national defense and security front/:

Young people must be educated to clearly distinguish enemy schemes and tricks, and the national tradition of heroic, indomitable resistance to foreign aggression must be developed. Preparations must be made to instill the sense of responsibility for the fatherland's defense, an organizational and disciplinary spirit, and a general knowledge of military technique into young people in all areas, production and task performance units, and schools, and also to endow them with the physical strength and abilities required for the soldier's life. It is necessary to improve the quality and increase the effectiveness of the political and ideological work regarding youths in the armed forces and to develop the function of the people's army as a great school designed to train the young generation into new socialist men with combat and production skills. Youths in the armed forces must possess a high combat spirit, be conversant with technique, perform labor well, strictly observe discipline, lead a wholesome lifestyle and develop the good tradition of "Uncle Ho's soldiers."

It is necessary to intensify tasks in the army rear areas, to take care of families of wounded soldiers and fallen heroes, to broaden the movement "for the fatherland's frontline" and "for the scouts' support points" and to properly organize the reception and employment of demobilized soldiers.

Young people must be the leading force to smash the tricks played by the enemy in his manifold war of destruction, to protect revolutionary achievements and to ensure the youth's wholesome development. It is necessary to step up the movement to learn and implement Uncle Ho's six advices to the people's security forces. The network of security assault youth units and control youth units must be expanded at the grassroots level.

The public security sector and mass organizations concerned must closely coordinate with the youth union to properly educate backward youths, to reorganize and improve schools and camps and to organize collective work, study and activities to transform delinquent youths and teenagers.

/On the cultural front/:

It is necessary to improve the overall quality of education--especially political, ideological, labor performance and vocational education in general schools. The professional knowledge of young workers must be actively improved, the supplementary education movement for youth broadened and the emulation movement for "good teaching and learning" and for building "socialist student collectives" stepped up.

The position and responsibility of youth union organizations and units in schools must be uplifted. It is necessary to take care and improve the quality of teachers in all sectors at all educational levels--especially of managerial cadres and political teachers--in order to turn each school into an educational center for the young generation and each teacher into a youth-proselyting cadre.



Cultural, artistic, physical education and sports, and tourist activities must be intensified to meet the youth's mental activity requirements and improve their physical strength, thus contributing to promoting productive labor and combat activities and to training the new man. Young people must be motivated to lead the struggle to build the new, civilized lifestyle and the new-culture family, to eliminate all vestiges of backward culture and superstitions and to wipe out the reactionary and depraved culture.

/c. Care for the Interests of Youths:/

While motivating the youth to contribute more and more to the revolutionary cause, party, administration and mass organizations at all echelons must pay attention to the legitimate interests of youths.

Caring for the interests of youths is a subject matter to be included in socioeconomic plans drawn up at the central, local and grassroots levels. Under the "joint action by the state and people" motto, gradual steps must be taken to expand and multiply essential material facilities to meet the youths', teenagers' and children's need for activity and education.

All sectors at all levels must draw up plans to positively resolve the employment problem for young people, especially those having undergone training and also demobilized soldiers. There must be an increase in the number of work-study schools and vocational training centers; all potentials of localities and production installations must be tapped to develop various trades to attract young laborers.

The state must promulgate specific policies on vital questions regarding young people and guarantee their right to collective ownership in the sphere of social activities and also their right to participate in socioeconomic management.

/d. Care for teenagers and children:/

The HCMCYU and the education sector must build still better the Ho Chi Minh Vanguard Teenagers, Unit and the Ho Chi Minh Children's Unit and recruit all children for these units. The educational quality of these unit organizations must be improved to train children into "good grand-children of Uncle Ho." Those children who have outgrown the children's unit age must receive advanced training to become members of the Communist Youth Union. It is necessary to step up the activities of children's units inside and outside schools and to develop all forms of brotherhood between schools and production installations and army and public security units. Normal schools must take the responsibility of improving the prospective teachers' knowledge of the task of teenagers and children's units. Importance must be attached to the elementary and advanced training of teachers in charge of these units and an appropriate policy for these teachers must be promulgated.

Guidance for the protection, fostering and education of children must be intensified and special importance must be given to the cooperation between families, schools, mass organizations and society for the purpose of carrying out these tasks satisfactorily. All sectors at all levels must reserve good material facilities on a priority basis for the teenagers' and children's study, training, collective activities and entertainments.

/e. Intensification of the youth's foreign activities:/

It is necessary to strengthen the solidarity and overall cooperation between our country's youth and those in the Soviet Union, Laos, Kampuchea and other fraternal socialist countries, to intensify friendly relations with the youth in the Southeast Asian countries; and to unite closely with the democratic and progressive youth throughout the world in the struggle against imperialism, expansionism, hegemonism and international reactionary forces for the sake of peace, national independence, democracy, socialism and the youth's bright future.

Coordinated action with the world youth and people must be intensified in the struggle to defend peace against U.S.-lead bellicose and reactionary forces and against their plots to sabotage and divide revolutionary movements and democratic and progressive youth movements throughout the world. Efforts must be exerted to win the sympathy and support of the youth and people of the world for our people's task of building socialism and defending their socialist fatherland.

### III. Intensified Party Guidance for Youth Work

Strengthening party guidance and building a stable and strong HCMCYU is a decisive factor for all successes of the youth movement.

/1. Party committees at all echelons must directly and solicitously build an HCMCYU/ stable and strong politically, ideologically and organizationally so that it will really become a revolutionary assault troop, a reserve combat unit of the party, a communist school for young people and a representative of their interests and right to collective ownership. The union's role must be developed to enable it to participate in building the party and administration and taking charge of the Ho Chi Minh Vanguard Teenagers' Unit and the Ho Chi Minh Children's Unit.

Plans must be drawn up and measures devised to build, consolidate, stabilize and strengthen union installations; it is first necessary to properly lead union organizations to improve the union members' qualifications, to reduce the number of weak installations and ultimately to eliminate them completely.

Progressive youths must be selected, given advanced training and admitted to union membership. It is necessary quickly to increase union membership, especially in sensitive areas, to further train distinguished union members to introduce them to party membership, and to contribute critical views about party members and party leadership.

The Vietnam Youth Federation's activities must be expanded and made more effective. Male and female youths must be united and assembled for various forms of grassroots activity organized by the union.

To build a stable and strong union, there must be a contingent of enthusiastic union cadres capable of firmly grasping and implementing the party line and policy in carrying out union tasks and who are also trusted, loved and admired by the masses of young people. Attention must be paid to the role of union secretaries at all echelons.

Organizational committees at all levels must draw up plans to select, improve, train and rotate union cadres in order to properly build the union apparatus and simultaneously to increase the number of young cadres for the party and all sectors. Party schools must have a curriculum on youth work and fix an appropriate ratio for training cadres to serve in the union. It is necessary to build a union school network at all levels and to improve the quality of training offered by high, middle and elementary union schools at the central, provincial and district levels, respectively. A policy toward union cadres must be promulgated soon and conditions created for many distinguished cadres to do the youth work. A youth research institute subordinate to the union central committee must be founded to organize research on youth work and to coordinate with scientific and educational agencies in this matter.

## 2. The State Considers Youth Work To Be an Important Part of the Socioeconomic Strategy

Long- and short-term plans must foresee the theme of, measures for and appropriate investments in this work. The State Planning Commission and the labor, finance, economic and other sectors must promulgate systems and policies to develop the youth's right to collective ownership in production and economic management, to raise the professional standard of young workers and to take care of their interests. It is especially important to make positive efforts to solve the employment problem for youths reaching the working age. The educational, cultural, physical education and sports, and public health sectors and others must carefully educate young people in politics and ideology and, at the same time, meet their requirements for study, health improvement and cultural activity. A law on youth must be enacted to guarantee and develop their right to collective ownership.

The National Assembly and People's Councils at all levels must have an appropriate ratio of youth representatives. Meetings of the Council of Ministers and of people's committees at all levels must be attended by youth union secretaries. Union representatives must be present in councils related to the youth's obligations and interests--such as the emulation, army recruitment and student enrollment councils.

The Vietnam Fatherland Front and mass organizations such as the Trade Union, Women's Union and Collectivized Peasants' Association must consider youth work to be an important task in building and developing their own organizations.

All schools, labor collectives, social organizations and especially families must assume the great responsibility of forming and improving the young generation. With their intellect, experiences, responsibilities, sentiments and prestige--veteran revolutionaries, heroes, educators, scientists, writers and artists must actively participate in educating youths, teenagers and children.

### 3. A System and Pattern Must Be Formulated for Party Guidance Over Youth Work

Party committees at various echelons must include youth work in their regular work programs and must lead, inspect and urge sectors and mass organizations at all levels to do this work successfully. Party committee standing committees at all echelons must work out a system of regular collective work with union executive committees. Party organizations at all echelons must periodically hold conferences to discuss youth work and issue the necessary resolutions. Young cadres whose qualifications and abilities have been tested in the youth mass movement and who are really esteemed, loved and trusted by the youth must be chosen for the post of union secretary and given intensive advanced training to become eligible for party committee membership.

All cadres and party members have the duty to set a good example for young people, to maintain close contact with them, to heed their opinion and to discuss and solve problems arising from their daily life. Party members of the youth bracket must participate in union activities, satisfactorily fulfill the union member's mission and become progressive union members.

### 4. Experiences Must Be Drawn Regularly To Improve the Scientific Standard and Effectiveness of the Youth Mobilization Method

Attention must be paid to the following points:

/The Youth Movement/ must have specific targets to meet requirements of the revolutionary mission and the youth's legitimate interests; it must also devise suitable action slogans and organizational forms. Young people must be motivated to perform important missions involved in difficult and new tasks. It is necessary to employ various forms, such as communist youth construction units, assault youth units, socialist youth production teams and units, and youth movements to display creativeness, to improve professional skills, to compete with skillful workers, and so on.

/Collective and individual models must be developed and multiplied/ and examples set by good persons and acts must be disseminated. The youth movement must be urged to move forward continuously following the examples of advanced models.

/The forces responsible for youth education must be united and coordinated./

There must be close cooperation between families, schools, production installations and society to create a beneficial environment for the youth's wholesome development. Mass information media must be employed uniformly to improve the quality of education of youths, teenagers and children. It is necessary to broaden information and education forms suitable to the youth, such as forums, dialogues, research on history and traditions, cultural and artistic activities, physical education and sports, and so on.

/Young people must be mustered extensively/ through versatile, variegated organizational forms according to categories, occupations, needs and predilections in order to do things beneficial for the society and youth. Due attention must be paid to the characteristics of female youths, of youths belonging to various nationalities and religions, of youths in the army, of young students, and of youths living in different regions of the country.

/Moral and material encouragement must be given./ It is necessary to closely combine obligations with interests and use with improvement and strengthening and also to promptly praise and reward achievements and progress in order to increase the youth's enthusiasm and revolutionary zeal.

The CPV Central Committee Secretariat will issue a directive on implementation of the present resolution. The Council of Ministers will issue a document on policies and measures aimed at developing the youth's effective action in building and defending the socialist fatherland.

This resolution will be distributed to primary party organizations.

For the Political Bureau: (Signed) Truong Chinh

9332

CSO: 4209/626

ECONOMIC PLANNING, TRADE, AND FINANCE

IMPORTANCE OF ECONOMIC ACCOUNTING TO STATE ENTERPRISES STRESSED

Hanoi NHAN DAN in Vietnamese 21 Aug 85 p 2

[Economic Forum column by Tran Ai Xuan, Ho Chi Minh City: "The Role of Economic Accounting in Increasing the Efficiency of the Socialist Reproduction Process"]

[Text] Economic accounting is the management of production and business in accordance with a plan and on the basis of practicing frugality and calculating the results of each economic activity with the aims of developing a spirit of responsibility in enterprise management, raising labor productivity, improving product quality, making rational use of capital, reducing production costs and, as a result, increasing the formation of capital for the state while improving the standard of living of the people.

Under the socialist system, economic accounting is a standard socialist method employed to lead the enterprise economy. Economic accounting is an integral part of socialist production relations and is an important method for making full and conscious use of the various economic laws of socialism, especially the inseparable relationship between state planning on the central level based on the public ownership of the means of production and the independent operations of the socialist enterprise. It is the method by which full use is made of the categories of value and monetary relations while leading the economy of the socialist enterprises in a planned manner. In this spirit, economic accounting is an objective category of the socialist mode of production and cannot be replaced by other modes of leading the economy.

The objectives of economic accounting are derived from the economic laws of socialism. In particular, these objectives are determined by the law of planned and balanced development, the law of value and the law of distribution in accordance with labor.

We call the categories of money and value that exist as objective factors of the socialist enterprise and must be fully utilized in a conscious manner in economic accounting the categories of economic accounting. These categories are: profits, prices, business income costs, the financial (capital) funds of the enterprises, national income, credit, interest, wages (salaries) and bonuses.

Within economic accounting, practically all of the main categories that exist as objective factors in the process of enterprise production are combined as one.

1. Economic accounting is an objective category of the socialist mode of production. This means that we cannot meet the many requirements of the fundamental economic law of socialism within the national economy and within the enterprise by any other way than making full use of economic accounting in the management and planning process.

2. The objective nature of economic accounting in no way means that economic accounting needs no support from us, that economic accounting can, by itself, create modes of management whose mere existence benefit society. Economic accounting can only do what it is supposed to do if it has been established by the socialist state in a conscious and planned manner.

And what is the problem encountered here?

The problem is that each category of economic accounting, that is, prices, profits, credit, bonuses and so forth, must be established in such a way that the basic socialist production units are encouraged to complete their tasks and meet their targets with the highest possible returns. Of utmost importance in this process is the need for all financial quantities to have a well coordinated impact in the process of enterprise reproduction. Therefore, the systems nature of the categories of economic accounting compels each manager to always compare total costs and total returns.

3. Facts have proven that economic accounting encompasses much more than simply making full use of the law of value. Although the various value categories are combined within economic accounting, all of these categories are, in the final analysis, established and used to meet the requirements of all of the economic laws of socialism. Therefore, we can draw at least two corollaries:

The first corollary is that economic accounting can never be the exclusive work of those who work in the field of finance, rather, it is work with which all managers and laboring masses exercising collective ownership must concern themselves. Obviously, we must understand the requirements of the party that we practice a high degree of state discipline and plan discipline, make regular reports to the laboring masses and create the conditions for them to actively participate in the management of the enterprise. The entire collective of an enterprise must deeply concern itself with the basic demand of cost accounting: achieving high and lasting business income.

The second corollary is that high and lasting business income can only be proper profits if they are achieved by no other means than completing state tasks. A high profit only serves the interests of society if it is earned while doing business in a way that respects the requirements of all the economic laws of socialism, these being economizing on time and the law of planned and balanced development.

Business income and profits that are earned by violating the economic laws do not serve the interests of society in any way, only harm society and must be prevented. We must prevent the phenomenon of increases in profits not being the result of true reductions in costs, but mainly the expansion of production in breadth and changes in the structure of the product line that are not consistent with the plan.

4. Economic accounting has only been properly established if it compels enterprises and federations of enterprises to constantly examine all costs from the perspective of whether they will produce income and returns for the national economy. Enterprises must do business in a way that enables them to use their business revenues to meet the following costs:

--Production costs (circulation costs);

--The various payments made to the socialist state;

--The contributions made in accordance with the plan to the allocation of financial resources for the simple reproduction and expanded reproduction of the various forms of production capital, that is, making properly proportioned investments, paying credit accounts and increasing their own liquid capital.

5. Today, we know that economic accounting must be long range in nature. The technological revolution compels us to adopt regulations that remain in force on a long-term basis. Today, no manager can make correct decisions if he does not, at the same time, take into consideration the impact of these decisions upon the future. In order for the manager to be able to do these things, he needs to have certain conditions and a certain framework for the work he performs, that is, needs long-term regulations promulgated by the state.

In summary, it can be said that the socialist state establishes planned economic accounting for the purpose of causing enterprises and federations of enterprises to concern themselves with performing state tasks in the manner that yields the highest returns and providing them with incentive to achieve these returns. In this spirit, economic accounting, to a large extent, plays the role of a link between state planning on the central level and the independence and responsibility of the basic socialist commodity production units. Economic accounting helps to regularly insure that the interests of many enterprise collectives and of each member of the laboring masses are closely tied to the interests of all society.

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ECONOMIC PLANNING, TRADE, AND FINANCE

HIGHER SALARIES FOR COOPERATIVE MANAGERS URGED

Hanoi NHAN DAN in Vietnamese 12 Aug 85 p 2

[Economic Forum column by Engineer Ha Van Dang: "Closely Tying the Responsibility of Management Cadres to Their Interests; When Shifting to Economic Accounting and Socialist Business Practices, the Role Played by the Cooperative Director Is Very Important"]

[Text] The corps of agricultural cooperative and production collective management cadres was born within the agricultural cooperativization movement in our country. Today, this corps numbers more than 900,000 persons. These are cadres who have been challenged and have matured within the various revolutionary movements in the countryside, who are zealous about their work, have experience in production and management, have the trust of the masses and have the ability to organize and manage cooperative members in implementing the positions and policies of the party and state in the countryside and the socio-economic plans of cooperatives and production collectives. Facts have shown: one of the determining factors in the comprehensive and strong development of the cooperatives and production collectives has been a corps of skilled cadres, cadres whose views and standpoint are firm, cadres who are dynamic and creative in the management of production and business. To develop a corps of cooperative and production collective management cadres who meet these requirements, it is necessary, in conjunction with cultivating their political qualities, their scientific-technical standards and their economic management professional skills, to establish for them an appropriate system of remuneration with the aim of insuring that cadres can focus their intelligence and skills on managing and directing public work.

The remuneration paid to management cadres must be based on the principle of distribution in accordance with labor. Management is complex mental labor. The products of management labor are decisions and the organization of the implementation of decisions. Within cooperatives and production collectives, decisions are reflected, in a concentrated manner, in the formulation of production-business plans and the organizing of their implementation. Therefore, the remuneration paid to management cadres must be closely tied to the scale of production and business and the results of the implementation of the plans of the cooperatives and production collectives. The nature of management labor demands that the cadre apply his intelligence and expend his efforts to a much greater degree than if he were performing simple labor and the importance of this type of labor lies in the fact that management has a

very large effect upon the production-business results of each production sector and upon the labor productivity of each worker within the unit. Consequently, the remuneration paid must be higher than that paid for simple labor. On the other hand, as part of the remuneration paid to cadres, there must be incentives for cadres who have job seniority, incentives for cadres who have management experience and incentives for cadres who have received training and are well versed in scientific and technical knowledge, in their special field and profession.

In the process of implementing product contracts with groups of laborers and individual laborers, cooperatives and production collectives have begun to attach importance to making improvements to the cooperative management cadre remuneration policy along the lines of closely tying the material interests of these cadres to the fulfillment of their assigned responsibilities on the basis of a streamlined and more effective cooperative and production collective management apparatus. These improvements focus on the following primary points:

1. The remuneration paid to cadres is based on the scale of production and business as expressed in the value of the total output of each cooperative. As the scale of production and business increases, the management task becomes increasingly large; therefore, the remuneration paid to cadres is raised.
2. A task is established for each cadre job title within the cooperative and production collective and a level of remuneration is set for each job title, one which, generally speaking, insures that the basic remuneration paid to management cadres is higher than the wage income of simple laborers. Income from management labor can be commensurate with the income of persons working under contract so that management cadres need not personally work under contracts as other cooperative members do.
3. The extent to which each cadre fulfills his responsibility is evaluated on the basis of the primary norms of the plan of which each cadre is in charge, such as the norms on the value of total output, the quantity of primary products produced, profits and so forth. An allowance is paid for completing the plan and an allowance is paid for exceeding plan quotas, thereby tying the remuneration paid to management cadres to the results of the implementation of that portion of the plan of which they are in charge.
4. An appropriate seniority allowance is enacted to encourage cadres to want to work on a long-term basis for cooperatives and production collectives and gain much management experience. At the same time, an allowance is paid to management and technical cadres who have a college or middle school education, have received systematic training and understand the elements of the new management system.
5. A grain distribution policy, a retirement policy, an outside job assignment policy and a medical examination and treatment policy for cadres have been established that are consistent with the capabilities of the collective economy within each unit and reduce the gap between cooperative and production collective management cadres and the cadres of the administration and the various sectors on the village level.

6. Besides the basic remuneration policy, allowances and benefits described above, there are also more appropriate bonuses and penalties for management cadres, which include bonuses for meeting and exceeding plan quotas and emulation incentive bonuses paid from the awards and bonus fund of the cooperative and production collective each season and each year.

The above improvements to the remuneration system for cooperative and production collective management cadres, although they differ in detail within each unit, generally insure that the income of management cadres is raised to a level commensurate with the amount of work they perform. For example, the income of a cooperative director who fulfills his responsibilities can be more than twice as high as the average income of a laborer within the cooperative. The other cadres generally earn 70 to 90 percent as much as the director. As a result, unlike previously, management cadres need not abandon their work of managing and directing the cooperative or production collective and involve themselves in working fields under contracts. Lax management and "non-specific" contracts are gradually being eliminated. However, there are still bureaucracy and subsidization within the overall management system. The income of cooperatives and production collectives is still low. Distribution is mainly in the form of product. The value of the manday worked by cooperative members and cadres is not high and is still very unstable. Therefore, the remuneration paid to cadres at many places is not enough to fully compensate for the energies expended in labor, not to mention reproduce the labor.

As we embark on the implementation of the resolution of the 8th Party Plenum, determined to dismantle bureaucracy and subsidization and shift entirely to economic accounting and socialist business practices, the very important role played by cooperative and production collective management cadres in organizing implementation make it even more necessary that more satisfactory policies be adopted to encourage cadres to focus the power of their minds, their dynamism and creativity on production and business. Therefore, it is necessary to further improve the remuneration policy for cooperative and production collective management cadres. The implementation of the resolution of the 8th Plenum will lay very important foundations for cooperatives and production collectives to expand their production and business and achieve high economic returns on the basis of practicing cost accounting and boldly shifting the payment of wages to cooperative members from payment primarily in product to payment in money based on labor quotas, job grades and reasonable piecework wage unit prices. The remuneration policy for management cadres must also be improved along these lines. With the experiences and results gained in the implementation of the remuneration policy for management cadres, cooperatives, production collectives and the economic management agencies on the various levels can research and establish standards for each cooperative and production collective management cadre position. On this basis, they must establish a remuneration scale for cooperative and production collective management cadres that is tied to the production and business results of the unit in a more scientific manner and correctly expresses the principle of distribution in accordance with labor and, in this way, unleash a new force, one that moves cooperative and production collective management cadres to improve their political qualities, improve their job skills, heighten their spirit of responsibility, continuously display dynamism and creativity in the implementation of the new management system, rapidly dismantle the bureaucracy and subsidization within cooperatives and production collectives and boldly shift management to economic accounting and socialist business practices.

ECONOMIC PLANNING, TRADE, AND FINANCE

HANOI MARKET SCRUTINIZED, IMPROVEMENT MEASURES URGED

Hanoi HANOI MOI in Vietnamese 21 Aug 85 p 3

[Article by Tho Cao: "The Hanoi Market in Recent Days; Expanding the State-Operated Store Network; Ingenious Business Methods Making It Easier for the Buyer; Improvement Measures Being Stepped Up; Inspection and Control Teams Uncovered Many Illegal Trade Practices Involving Private Businessmen and State-Store Employees; Many Problems Still Unresolved"]

[Text] Effective 1 August, in execution of Resolution No 8 of the CPV Central Committee, Hanoi reverted to the method of payment of wage in cash instead of partly in kind. The city has many cadres, workers and employees and three-fourths of those on its payroll belong to central enterprises and organizations. This striking feature of Hanoi is unique and not found anywhere else in the whole country. This is the very reason why, after careful material and mental preparation, from the city administration, sectors, districts, and towns to stores, centralized leadership was broadened and business and service methods improved. There was a true revolutionary drive that transformed the way of thinking, the psychology of the masses and the workers' attitude, and shaped business in the socialist style. The new method of wage payment triggered a new dynamism in the Hanoi market.

New Features

In recent years, the socialist business sector relentlessly strengthened its forces, consolidated its organization, and continued its development. It created a series of Level 3 corporations in districts. Its business transactions rose steadily and 356 precinct and village marketing cooperatives were strengthened and developed, the port business was expanded, approximately 20,000 business households were assigned to occupational and professional units at markets and city streets, and many skilled individuals were drawn into marketing and state-operated cooperatives. Those features eloquently spoke for a steadfast development of the socialist business sector geared toward controlling the market.

Embarking in the new struggle, the business sector again strengthened its role as the people's housewife. Thousands of cadres, workers and employees of food stores were diligently at work, carefully preparing food for selling. Stores exhibited boxes of rice samples and conspicuously displayed price lists, and certain others even made available scales for customer's inspection. Store hours were changed to 6:00 am to 8:00 pm 7 days a week. The network rapidly set up more new selling points and counters.

The food sector focused its efforts primarily on the exploitation and purchasing of goods and on getting hold of the latter's sources. Many new counters were open to sell meats at convenient locations. In recent days, large quantities of meats coming from the state-operated and marketing cooperative areas were sold on the market. Pig slaughtering schedules were adjusted to cope with the people's buying patterns and to ensure available fresh meats in the morning, afternoon and evening.

Hundreds of precinct marketing cooperatives also changed for the better their business and service methods in support of the state-operated business sector.

The combustible sector made ready a sufficient supply of combustibles. The corporation reformed four selling sites at Kham Thien, Hang Giay, Hang Ma and Hoa Binh Market which now sell a combination of oil, firewood, sawdust, rice husk and beehive-shaped peat.

The industrial product sector handled many new products, and improved its selling methods. District industrial product corporations opened over 100 selling points and increased store hours, primarily on market days. The Cotton Fabric Readymade Clothing Corporation set up many additional mobile selling counters.

The restaurant sector expanded its networks, improved its business technique, and increased its business hours.

#### Still Many Unsatisfactory Issues

Besides the above rosy pictures, cadres, workers and employees are still dissatisfied with several things. Generally speaking, the overall structure does not run as smoothly as expected, and business practices of the distribution and circulation sector are still certified. In the last couple of days, as an example, not only private businessmen, but certain state stores and marketing cooperatives also have neglected to post prices or posted only some prices.

Food stores could not address the various needs of their clientele. Classification of rice quality had to be closely watched and directed in order that quality and price be observed, avoiding buyer complaints. Taking letters of credit and giving change was not done smoothly enough and was still bothersome.

Management of the price structure and selling price at food stores were not done uniformly and for the customer, price discrepancies were questionable. Rumors circulated about why good cuts ran out at certain state meat stores early in the morning. At many stores inside and outside the city, food was sold without paper or leaf wrapping, let alone plastic wrapping.

There was enough kerosene but the buyer was still unable to buy it because certain stores did not know how to handle letters of credit.

Because of loose control, certain scarce goods liked by many fell into the hands of swindlers who smuggled them for their own profit.

The restaurant sector did not offer enough variety, and only a bare few items fit the worker's purse. Draft beer was still sold only with appetizers. Its undermeasuring still ranged from 5 to 31 percent, while the allowed discrepancy rate was only between 5 and 7 percent.

In Market Management, What Difference Is There Between Now and Then?

Forces of the police, market management and worker inspection, the four forces, and the tax and business sectors of the city, districts and towns successively entered the battle. Their efforts focused primarily on key selling points, including the state-operated area. They were present at market cooperatives and where private businessmen did their trade in markets or on city streets, and in certain instances, concentrated in big markets or crowded business gatherings to check price posting, selling at posted prices, weights and measures, distribution procedures, service quality, business licenses and place of business. They also carefully checked on essential consumer commodities such as kerosene, rice, paddy, pork and other agricultural products, including state-managed commodities. Strict and impartial, they penalized hundreds of cases of doing business without a license and without price posting, and confiscated scores of inaccurate scales and illegally sold or illegally produced goods, including state-controlled merchandise, such as pharmaceutical products and shredded tobacco.

Reform was stepped up. Since early August, districts and cities reorganized markets and rearranged selling areas for private business households by types of goods sold. In Dong Xuan Market, appeared cooperative stores selling fabrics and yarn, shoes and slippers, and plasticware. On Kham Thien St, a new joint enterprise tailor shop making custom-made, fashionable dresses, was inaugurated. The new arrangements attracted over 100 private business households into a new form of business organization.

So far so good. But what happened to the renowned business swindlers? Let's quickly respond: "They went nowhere." After observing and studying the new business methods of the state-operated business apparatus, they returned to their old habits of disturbing the market with new tricks, openly or stealthily. They went as far as fighting the new system. They tried to make connection with bad elements at market cooperatives, consumer cooperatives and state-operated businesses to extort merchandise. They bought still valid food stamps and letters of credit and went to state stores to get goods or cash. They colluded with bad state-store employees to substitute bonafide merchandise with bogus goods. They hunted for X-coded food stamps that could be traded in Hanoi and also in other localities where they were still valid.

Recently, several days in a row, inspection and control personnel uncovered many negative acts, such as the case of food stamps at the Dong Xuan Market food store, the embezzlement of nearly 200 kg of sugar by a state-store employee of the Minh Khai industrial product store, the case of conspiracy to make away with over 2,000 m of printed elastic fabric, and the two instances of bogus beermaking on Hang Buon and Ham Long St, etc. The police also unveiled many cases of hoarding and smuggling involving not only professional businessmen, but also state employees and cadres, and confiscated many illegal goods.

In recent days, cadres and citizens have also denounced some employees of the business sector who took advantage of the transitional period to hoard many prime goods for their own profit.

Those active and harmonious measures have dramatically limited the swindlers' abusive practices in the city, districts, towns and villages. In many districts, private pork traders merely disappeared. In almost all markets and in large business centers, prices were still stable.

#### Lessons Learned

After a period of staying close to their areas of responsibility and waging continuous and widespread activities, inspection and control personnel have learned some initial lessons.

The immediate problem is that at present, the residual number of private businessmen in the city is as many as 16,000 households. Those trading rice and pork are still legion inside and outside the city. Professional and amateur swindlers abound in large business centers. Meanwhile, state business and marketing cooperatives have many loopholes in management that are taken advantage of by bad state-store employees in connivance with private businessmen or swindlers. The case of food stamps at the Dong Xuan Market food store was illustrative of the carelessness in the implementation of the new structure and the looseness of inspection and control measures. Price management in the service area (guarding and repairing bicycles, barber, etc.) was not given appropriate attention, if not completely let loose.

Those deficiencies stemmed from a lack of sufficient and permanent leadership, and from a lack of resolve in enforcing implementation measures which resulted in the weakness of people's movements in fighting negativism. On the other hand, a few crooked cadres and employees of the distribution and circulation sector, of market cooperatives and market management, and of the tax service still sided or colluded with swindlers in dishonest deals, and became corrupt and decadent. Certain market management employees abused their authority or showed an aloof attitude that drew complaints from the people. Swindlers and dishonest employees were not dealt with in a timely and severe enough manner by various levels of government.

#### What Must Be Done Next

Carrying out Resolution No 8 of the CPV Central Committee is the central task from now until the end of the year. Therefore, if market reform and management is not done properly and if the state business system does not continue to improve its modus operandi, a regrettable situation in which most of the wages of cadres, workers and employees go from their pockets to those of private businessmen may occur. The state would not be able to regain control of money and prices, and the lives of cadres, workers and employees would not be stabilized. Precinct and village marketing cooperatives need to be developed to the fullest extent and support state business in order to control the market. The service area requires new and richer techniques. The reform and reorganization of the private business ranks must be stepped up to contribute to market management.

ECONOMIC PLANNING, TRADE, AND FINANCE

REPORT DETAILS RAMIFICATIONS OF NEW PADDY PRICE

Hanoi NHAN DAN in Vietnamese 21 Aug 85 p 2

[Investigative Report by Quyet Thang: "What Happens When There Is Only One Price for Paddy: Many Economic Phenomena Become Clearly Evident, Negative Phenomena Decline and Some New Problems Arise"]

[Text] Prior to July, under the management system of bureaucratic centralism and subsidization and as was the case at many other cooperatives in Hai Hung Province, there were as many as five to seven different prices for paddy within the Hong Lac Cooperative in Nam Thanh District, all of which were in some way related to the paddy price of 2.5 dong per kilogram. The price of 2.5 dong per kilogram of paddy was the price set for paddy procured under obligations and paddy distributed within the cooperative. However, there were also many other different types of prices: negotiated paddy prices, a price for paddy traded as part of economic ties with other units, a price for paddy used in other economic relations, the directed price of paddy... There was a different price for each type of paddy. Some prices were lower than 2.5 dong per kilogram. However, not one price corresponded to the price of paddy outside on the free market. Therefore, the economic accounting of the cooperative was chaotic. It lacked real meaning and was merely a matter of form.

Now, in accordance with a decision by Hai Hung Province, there is only one price: 26 dong per kilogram of paddy. And, the establishment of a single paddy price has enabled Hong Lac to establish a new balance.

In the past, distribution to the various sectors within the cooperative was based primarily on the technical nature of production and each unit had a different method of calculating workpoints. When it came time to distribute products, the "totals" were added together. Although the awarding of workpoints within the cooperative was controlled, the crop production sector still bore the brunt of all other types of work and had to work thousands of mandays "without pay." Thus, the sector's workpoints were not consistent with the amount of labor expended by it. As a result, the income per workday of a cooperative member did not exceed 5 to 6 dong and a few ounces of paddy. Thus, the funds of the cooperative were also "anemic."



Recently, whereas the value of the manday for the entire crop production sector has been 50 dong, the value of the manday within the handicraft trade sector has only been 18.5 dong. As a result of combining the totals of the various sectors, the average value of the manday is still only 30 dong. The distribution rate for this year's 8th month crop was 25 dong per manday. And, at the new value of the manday, a number of sectors no longer have any reason for remaining in existence because new prices have not been set for them. Consider, for example, the mat weaving trade. Each year, the cooperative sells to the state nearly 3,000 mats at a price of 44 dong apiece. Meanwhile, 2.2 mandays worth 66 dong are required to produce one mat (which does not include material costs).

As a result of the establishment of a single price for paddy, every sector and every unit must recalculate the value of the manday and readjust the accounting of production costs on the basis of the selling price of paddy. This has caused each sector and each unit to economize on unnecessary labor costs, as a result of which the value of workpoints more closely reflects the amount of labor expended. For example, under normal conditions in the past, the cooperative paid for 2 mandays to transport 1 quintal of fuel from the district to the village. However, the actual cost is higher. During the crop production season, the cost is several times higher than normally. On the other hand, the cooperative has had to add additional workpoints to fields worked under contracts for the laborers performing this work. Otherwise, the cooperative would not be able to mobilize the necessary labor. Combined together, the workpoints paid for this purpose account for 25 to 30 percent of the total number of mandays worked at the cooperative and have resulted in the average number of days worked by sao of contract fields by cooperative members increasing from 12 to 15. Consequently, as the number of mandays worked under contracts increased, the income per manday decreased and the significance of workpoints at the cooperative was also eroded. Many persons maintained that had a uniform paddy price of 26 dong been implemented at the start of the 5th month-spring season, the income per manday recently distributed to cooperative members would have been no higher than 25 dong and 0.5 kilogram of paddy.

As a result of establishing a single price for paddy, workpoints make more economic sense and sectors and units must keep their economic accounts in a way that guarantees the income of cooperative members, provides a profit to the collective and insures that production costs are reasonable. It is also easier for the cooperative to mobilize collective labor. Recently, the cooperative mobilized 300 of its members to fight drought (previously, only a few dozen persons could be mobilized). Everyone worked hard and no demands were made that additional workpoints be added to contract fields.

Although the number of mandays worked under and outside contracts has declined, the income of cooperative members has increased due to the following several reasons:

--The elimination of irrational manpower costs and the lack of standardization in the payment of workpoints among the various sectors and units;

--Material production costs are more rational. Due to the establishment of a single price, the value of the labor expended brings commensurate economic returns;

--Trade relations based on a single price do not create the price differential that previously had to be borne by farmers.

Therefore, as reflected in distribution during the 5th month-spring season, the value of 1 manday at Hong Lac increased from 5 to 25 dong. There is incentive to produce. More than 30 hectares of contract fields that had been returned to the cooperative by members have now been taken back. Nearly 40 families of private merchants have left the market and requested contract fields to work.

As the income of cooperative members has increased so, too, has the income of the collective. Previously, with 1 kilogram of paddy costing 4 dong to produce, 48 tons of paddy priced at 2.5 dong per kilogram had to be paid out for plowing, thus causing a loss of 72,000 dong per season. Now, the production cost of 1 kilogram of paddy is 23 dong and the selling price is 26 dong. This differential, if multiplied by the roughly 350 tons of paddy required under obligations each season, makes a considerable contribution to increasing the income of the cooperative.

The cooperative's supply of grain is now being used in a more legitimate manner. The illegal use of agricultural products and the use of these products in any manner that suits convenience have been eliminated. All expenditures, especially material expenditures for meetings, are carefully considered.

However, more than few new difficulties have also arisen. According to the leaders of the village, the greatest difficulty is collecting the money for the 32 tons of paddy sold to those people to whom paddy is distributed. When the price of paddy was 2.5 dong per kilogram, this posed no problem. However, now that the price is 26 dong per kilogram of paddy, many families, especially the families of war dead and disabled veterans, families that are short of help and families that have no labor, cannot afford to buy paddy but the village is required to provide paddy to them. The number of families in the first category alone is 168, more than one-tenth the total number of families within the village.

Under the mode by which payment is made for tractor and water conservancy charges, the bank earns a very large profit from the cooperative. On the average, the cooperative must spend 150 tons of paddy annually to pay for these charges and payment can only be made at the end of the season, consequently, the collective economy loses the money it pays to the bank in interest.

In Hong Lac, there are 24 village cadres under salary for whom it is still not known where the money will be obtained to pay compensation to them for the price of paddy. If it follows the district's instructions that 10 percent of

the paddy paid in taxes be allocated to village cadres, Hong Lac will retain 32 quintals per year for this purpose. However, the actual quantity required is in excess of 50 quintals.

Many farmers have also complained that 26 dong per kilogram is, to them, a high price to pay but, in everyday consumption within the countryside, not even this selling price of paddy is high enough to allow them to buy a set of clothing. Some persons also compare paddy to salt: it is cheaper to produce 1 kilogram of paddy than 3 kilograms of salt (the price of salt at the marketing cooperative's store in Hong Lac is 8 dong per kilogram and, at this price, the Hai Hung Commerce Service must still pay compensation for losses). This is also something that many persons hope to see cleared up at an early date.

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HEAVY INDUSTRY AND CONSTRUCTION

BRIEFS

OIL EXPLORATION--At present, the first phase of nearly half of the scientific research themes of state-level key program 22.01 have been completed in support of the exploration, exploitation and refining of oil and gas. Results of geological and geophysical surveys of the mainland around Hanoi permitted concluding that the area possesses small pockets of natural gas and no significant oil reserves. The land area extending toward the Gulf of Bac Bo, with special characteristics about composition, sediment and form, has more oil and gas potentials than the mainland portion. The delta area of Cuu Long offers certain expectations for oil and gas, but its potential is limited because of its thin sediment. Many scientific agencies have confirmed oil and gas potentials of the continental shelf between Thuan Hai and Minh Hai, primarily of the Cuu Long basin. This was also confirmed by drillings. In addition to the above research and surveys, in past years, many other research themes pertaining to exploitation and processing have obtained notable results, such as exploration by seismological methods which reduced use of explosives by nine-tenths while ensuring good results, and the use of local raw materials in the production of a drilling solution which saved substantial money in transportation and maintenance, and reduced foreign currency expenses for imports. The solution can potentially be produced for export as well. Putting in application results obtained in natural gas research, Thai Binh completed the construction of a pilot unit for the production of mixtures for the manufacturing of paint, rubber and industrial gasoline. Finally, the separation of paraffin in research was successfully used in the production of a lubricant for crystal molds whose quality was comparable to that of an imported product. The new lubricant was supplied to some crystal factories in a timely manner.

[Text] [Hai Phong HAI PHONG in Vietnamese 4 Jun 85 p 4] 9458

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CURE OF SOCIAL ILLS AMONG SAILORS REPORTED

Hai Phong HAI PHONG in Vietnamese 4 Jun 85 p 2

[Article by Thuy Anh: "Contributing to the Deterrence of Social Ills"]

[Text] There was a certain time when gambling and superstition among barge and river boat crew members of the Hai Phong River Transport Enterprise were on the rise. They adversely affected production and the sailors' family lives. The party organization, the enterprise director and the enterprise union were resolutely decided to put an end to those practices in a timely manner.

Together with key cadres from bureaus, sections and work shops, the enterprise union embarked on a drive to disseminate the letters and contents of directives pertaining to fighting social ills to each block, machine shop, boat, ship and barge in the whole enterprise. To put an end to superstitious habits and senseless worshipping, transportation dispatching cadres strictly enforced movement orders, and readily replaced any shipowner who did not comply with orders. On the other hand, the union mobilized progressive teams, groups and individuals, and units headed by youths in voluntarily suppressing altars and incense burners in their units, and urged other ships and barges to follow suit. After a period of patient efforts, they were able to stamp out superstitious worshipping on some means of the enterprise. The latter also disciplined tens of gambling addicts, and in cooperation with the police, the enterprise union intensified inspection activities and arrested redhanded many gamblers. Through stiff penalties such as suspension, curtailment of payment of sailor bonuses for those who went gambling during work hours, discontinuance of personal and unit incentives, reeducation measures associated with administrative measures, and making unit leaders responsible, the enterprise has thus far fundamentally eradicated gambling practices on some ships and barges.

The river transportation enterprise union stepped up emulation drives for increasing labor output and ensuring safe transportation of cargo and passengers, and in the meantime, actively worked for the improvement of the lives of cadres, workers and employees. Recently, the enterprise completed a cultural and sports club where sailors can come to enjoy themselves or to relax after each trip, when their ships are berthed. It also equipped ships and barges with radios to assist the personnel to improve their educational level.

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POPULATION, CUSTOMS, AND CULTURE

SWINDLED GRAIN, MONEY RECOVERED

Hanoi HANOI MOI in Vietnamese 21 Aug 85 p 4

[Article by Nguoi Xay Dung: "A Story Each Day; We Can See Now: That Was Unusual"]

[Text] Of the nearly 98 tons of grain and 2.4 million dong recuperated from overpayments made during the "overbearing period" in Dong Da District, 7,068 kg of grain was overpaid because of irregularities in household registration. After taking the initiative to conduct a thorough check of household registration in the entire district, the district police uncovered the off-balance figures which were forwarded to the finance bureau and the grain corporation for repayment. Irregularities took diverse forms, such as the case of a person sent abroad for special duty who still continued to receive food subsidy, or another individual who exhausted his temporary stay and changed occupation but who kept his name in the household registration to buy rice at the official price. Another case involved a person who had been dismissed from his job and sent back to his original locality, and who still received rations. And another case whose subject had been sent to a distant reeducation camp since 1983 as a criminal offender, and who is still enjoying, as a "city dweller," the benefits of official price rations!

The causes of those deficiencies were multifold, but one thing was most visible: under the bureaucratic and overbearing regime, the portion of wages paid in kind was seen as a gift from the state. Approval for those benefits was easily obtained or in some instances, irregularities in obtaining grain or food rations were let go because of the syndromes, "I do not lose anything," or, "everything will be paid for by the state." Now as the old regime is gone, looking back, the very unit leaders who had experienced those abnormalities should feel a shiver of fear because of the magnitude of the harm done and also because they should have realized then that their management style was deficient.

The above story is related with the purpose of sharing some experience in matters of checks and balances, and with the hope of this writer that all concerned will be more careful and outright in the discharge of their responsibilities. It is hoped that they get the best success.